FLUIDRA, S.A.
AND SUBSIDIARIES

31 December 2011

(With Consolidated Auditors' Report Thereon)

Consolidated Annual Accounts and Consolidated Directors' Report

(prepared in accordance with International Financial Reporting Standards as adopted by the European Union)

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

KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41
08908 L'Hospitalet de Llobregat
Barcelona

Auditors' Report on the Consolidated Annual Accounts

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

To the Shareholders of
Fluidra, S.A.

We have audited the consolidated annual accounts of Fluidra, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As specified in note 2 to the accompanying consolidated annual accounts, the Company's directors are responsible for the preparation of the consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of the financial information reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Fluidra, S.A. and subsidiaries at 31 December 2011 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of the applicable financial information reporting framework.

The accompanying consolidated directors' report for 2011 contains such explanations as the Directors of Fluidra, S.A. consider relevant to the situation of the Group, the evolution of its business 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 2011. 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

26 April 2012

KPMG Auditores S.L., sociedad española de responsabilidad limitada, es una filial de KPMG Europe LLP y firma miembro de la red KPMG de firmas independientes afiliadas a KPMG International Cooperative ("KPMG International"), sociedad suiza.

Inscrita en el Registro Oficial de Auditores de Cuentas con el nº.S0702, y en el Registro de Sociedades del Instituto de Censores Jurados de Cuentas con el nº.10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M-188.007, Inscrip. 9, N.I.F. B-78510153

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2011

SUMMARY

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

Fluidra, S.A. and Subsidiaries

Consolidated Income Statements

31 December 2011 and 2010

(Expressed in thousands of Euros)

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

Assets	Note	31/12/2011	31/12/2010
Property, plant and equipment	6	118,670	120,861
Investment property	8	1,427	2,608
Goodwill	7	194,300	157,841
Other intangible assets	7	51,159	25,019
Investments accounted for using the equity method	9	188	220
Non-current financial assets	10	5,794	5,216
Other receivables	30	3,978	3,482
Deferred tax assets	30	17,036	16,698
Total non-current assets		392,552	331,945
Inventories	12	141,697	127,679
Trade and other receivables	13	151,025	144,401
Other current financial assets	10	26,363	12,750
Cash and cash equivalents	14	65,817	91,589
Total current assets		384,902	376,419
TOTAL ASSETS		777,454	708,364
Equity			
Issued capital		112,629	112,629
Share premium		92,831	92,831
Accumulated gains and other reserves		116,076	109,165
Treasury shares		(8,368)	(8,037)
Recognised income and expense		5,123	2,388
Equity attributable to equityholders of the Parent	15	318,291	308,976
Minority interest		8,134	7,469
Total equity		326,425	316,445
Liabilities			
Loans and borrowings	18	148,944	125,115
Derivative financial instruments	11	2,172	1,847
Deferred tax liabilities	30	27,007	28,710
Provisions	17	6,165	8,056
Government grants		794	782
Other non-current liabilities	20	40,140	4,374
Total non-current liabilities		225,222	168,884
Loans and borrowings	18	123,267	132,055
Trade and other payables	19	99,615	88,647
Provisions	17	2,774	2,291
Derivative financial instruments	11	151	42
Total current liabilities		225,807	223,035
TOTAL EQUITY AND LIABILITIES		777,454	708,364

The accompanying consolidated notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2011 prepared in conformity with EU-IFRS.

Fluidra, S.A. and Subsidiaries

Consolidated Income Statements

31 December 2011 and 2010

(Expressed in thousands of Euros)

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

	Notes	31/12/2011	31/12/2010
Operating income			
Sale of goods and finished products		624,040	581,245
Services rendered	23	11,024	11,487
Self-constructed assets		4,666	3,012
Other income	24	745	35
Total operating income		640,475	595,779
Operating expenses			
Changes in inventories of finished goods, work in progress and raw materials consumed	22	(311,644)	(293,651)
Personnel expenses	25	(137,163)	(121,766)
Amortisation and depreciation costs	6,7,8 & 10	(33,333)	(33,372)
Other operating expenses	26	(123,545)	(115,467)
Other expenses	27	-	(3,177)
Indemnities for restructuring process		-	(2,313)
Other associated costs for restructuring process and others		-	(864)
Total operating expenses		(605,685)	(567,433)
Operating profit		34,790	28,346
Finance income/expenses			
Finance income		5,238	4,224
Finance expenses		(15,653)	(9,834)
Exchange gains/ (losses)		(2,768)	734
Net finance expense	29	(13,183)	(4,876)
Share of profit/(loss) of equity accounted associates	9	31	76
Profit before tax		21,638	23,546
Income tax expense	30	(4,399)	(5,758)
Profit after tax		17,239	17,788
Profit attributable to minority interest		2,162	1,852
Profit/(loss) attributable to Parent		15,077	15,936
EBITDA	36	70,172	64,936
Basic earnings per share (expressed in Euros)	16	0.13739	0.14437

The accompanying consolidated notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2011 prepared in conformity with EU-IFRS.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Comprehensive Income
for the years ended 31 December 2011 and 2010
(Expressed in thousands of Euros)

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

	31/12/2011	31/12/2010
Profit/ (loss) after tax	17,239	17,788
Other comprehensive income:		
Cash flow hedges (note 11)	(244)	132
Translation differences of financial statements of foreign operations	2,786	5,689
Tax effect	73	(39)
Other comprehensive income for the year, net of income tax	2,615	5,782
Total comprehensive income for the year	19,854	23,570
Total comprehensive income attributable to:		
Equityholders of the Parent	17,812	21,660
Minority interest	2,042	1,910
	19,854	23,570

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2011 prepared in accordance with EU-IFRS.

Fluidra, S.A. and Subsidiaries

Consolidated statements of changes in equity
for the years ended 31 December 2011 and 2010
(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 equityholders of the Parent									
						Other consolidated results				
	Issued capital	Share premium	Legal reserve	Accumulated gains	Treasury shares	Translation differences	Others	Total	Minority interest	Total equity
Balance at 1 January 2010	112,629	92,831	9,500	88,387	(5,491)	(3,112)	(224)	294,520	6,856	301,376
Total comprehensive income for the year	-	-	-	15,936	-	5,631	93	21,660	1,910	23,570
Additions of entities	-	-	-	-	-	-	-	-	3	3
Share variation (note 15 h)	-	-	-	(651)	-	-	-	(651)	(307)	(958)
Treasury shares (note 15 d)	-	-	-	(3)	(2,546)	-	-	(2,549)	-	(2,549)
Payments based in equity instruments	-	-	-	50	-	-	-	50	-	50
Others	-	-	884	(938)	-	-	-	(54)	(11)	(65)
Dividend	-	-	-	(4,000)	-	-	-	(4,000)	(982)	(4,982)
Balance at 31 December 2010	112,629	92,831	10,384	98,781	(8,037)	2,519	(131)	308,976	7,469	316,445
Total comprehensive income for the year	-	-	-	15,077	-	2,906	(171)	17,812	2,042	19,854
Additions of entities	-	-	-	-	-	-	-	-	37	37
Share variation (note 15 h)	-	-	-	(123)	-	-	-	(123)	(58)	(181)
Treasury shares (note 15 d)	-	-	-	(139)	(331)	-	-	(470)	-	(470)
Payments based in equity instruments	-	-	-	150	-	-	-	150	-	150
Others	-	-	-	(54)	-	-	-	(54)	-	(54)
Dividend	-	-	-	(8,000)	-	-	-	(8,000)	(1,356)	(9,356)
Balance at 31 December 2011	112,629	92,831	10,384	105,692	(8,368)	5,425	(302)	318,291	8,134	326,425

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2011 prepared in accordance with EU-IFRS.

Fluidra, S.A. and Subsidiaries

Consolidated Statement of Cash Flow
for the years ended
31 December 2011 and 2010
(Expressed in thousands of Euros)

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

	Nota	2011	2011
Cash flow from operating activities			
Profit for the year before tax		21,638	23,546
Adjustments for:			
Amortisation and depreciation	6,7&8	33,061	33,317
Provision for bad debts	13	5,073	5,800
Provision / (Reversal) for/of impairment losses		272	55
Provision / (Reversal) for/of losses for liabilities and charges	17	555	802
Provision / (Reversal) for/of losses for inventories	12	(1,407)	242
Finance income	29	(5,238)	(4,224)
Finance expenses	29	8,003	10,310
(Income) / Expense for exchange rate fluctuations		441	-
Share of Group profits / (losses)	9	(31)	(76)
Losses on sale of property, plant and equipment and other intangible assets		(875)	35
Recognition of government grants in income statement		(102)	(83)
Expenses for payments based in shares		100	50
Profit on derivative financial instruments at fair value with adjustements to the income statement	11	(802)	(477)
Operating profit before changes in working capital		67,978	69,297
Changes in working capital, excluding effect of acquisitions and translation differences			
Increase/Decrease in trade and other receivables		(2,455)	(2,835)
Increase/Decrease in inventories	22	(1,639)	(2,763)
Increase/Decrease in trade and other payables		(9,398)	3,563
Payment of provisions	17	(211)	(215)
Cash (used in)/from operating activities		54,277	67,047
Interest paid		(13,829)	(10,014)
Interest received		5,055	4,224
Income taxes paid		(6,047)	(6,933)
Net cash (used in)/from operating activities		39,456	54,324
Cash flow from/ (used in) investing activities			
Proceeds from sale of property, plant and equipment		4,812	2,257
Proceeds from sale of intangible assets		-	4
Proceeds from sale of investments		331	327
Dividends		15	-
Acquisition of property, plant and equipment		(14,926)	(11,513)
Acquisition of intangible assets		(6,483)	(3,934)
Acquisition of other financial assets		(13,725)	(10,552)
Payments for acquisition of subsidiaries, net of cash and cash equivalents	5	(31,640)	-
Payments for acquisition of subsidiaries from previous years	5		(8,883)
net cash from investing activities		(61,616)	(32,294)
Cash flow from/ (used in) financing activities			
Proceeds from capital decreases		(1,610)	(2,556)
Collections on disposal of treasury shares		1,141	7
Payments for acquisition of shares not the Parent	5	(368)	(1,240)
Collections proceeds from Government grants		113	6
Collections proceeds from bank borrowings		106,573	88,755
Payments proceeds from borrowings and payment of finance lease liabilities		(100,323)	(46,779)
Dividends paid		(9,356)	(4,968)
Net cash from financing activities		(3,830)	33,225
Net increase/ (decrease) in cash and cash equivalents		(25,990)	55,255
Cash and cash equivalents at 1 January	14	91,589	35,309
Effects of exchange rate fluctuations		218	1,025
Cash and cash equivalents at 31 December	14	65,817	91,589

The accompanying consolidated notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2011 prepared in conformity with EU-IFRS.

(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 offices of the Company are located in 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.

During 2010 the Company carried out a takeover merger of the subsidiary Fluidra Services, S.A.U. (absorbed company) with retroactive effect at 1 January 2010. The absorbed company had its registered offices in Avenida Francesc Macià, nº 60 floor 20 in Sabadell (Barcelona) and its principal activity was the rendering of administrative, legal advisory, tax, financial, management, personnel training and IT services. The merger was carried out for the purpose of unifying the management, avoiding duplication of accounting, administrative and tax obligations, with the resulting cost saving in economic and administrative terms.

The directors of both companies prepared and signed the merger project on 26 April 2010. The merger agreement was approved by the respective shareholders on 2 June 2010 and was validly inscribed in the Barcelona Mercantile Registry on 18 October 2010. The merger was carried out without the need to increase capital or exchange shares in the absorbing company as a result of the takeover.

Fluidra, S.A. is the Parent of the Group formed of the subsidiaries (hereinafter Fluidra Group or the Group) details of which are included in Appendix I. The Group also holds interests in other entities and in joint ventures, which are detailed in the same Appendix. Group companies have been consolidated on the basis of the financial statements or annual accounts prepared/signed by their respective management bodies.

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 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and other applicable provisions of the financial information of the regulatory framework, to present fairly the consolidated equity and consolidated financial position of Fluidra, S.A. and subsidiaries at 31 December 2011, as well as the consolidated financial yield, consolidated cash flows and changes in consolidated equity 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, and other available-for-sale financial assets, which are recognised at their fair value.

b) Comparison of information

The accompanying consolidated annual accounts for 2011 also include for each individual caption of the consolidated balance sheet and consolidated statements of income, comprehensive income, cash flow and changes in equity, consolidated comparative figures of 2011 with previous year, which were obtained through consistent application of EU-IFRS prevailing at 31 December 2011.

There are no significant statutory accounting principles which have not been applied.

The consolidated annual accounts for 2010 were approved by the shareholders at a general meeting held on 8 June 2011.

The directors consider that the consolidated annual accounts for 2011 will be approved by the shareholders without significant changes.

The Group's accounting policies, described in note 3, have been consistently applied to the year ended 31 December 2011 and to the accompanying comparative information at 31 December 2010.

As a consequence of the acquisitions mentioned in note 5, the effects of the business combinations has to be considered in the comparative figures of years 2011 and 2010.

(Continued)

c) Relevant accounting estimates, assumptions and judgements

The preparation of annual accounts in conformity with EU-IFRS 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 2011 and 2010 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).
- Fair value of financial instruments and certain unquoted financial assets (see notes 10 and 11).
- Hypothesis used for the determination of the fair value of the assets, liabilities and contingent liabilities related with the Aqua business combinations (see note 5 and 20).

Although estimates were based on the best information available at 31 December 2010 and 2009, future events may require these estimates to be modified (increased or decreased) in subsequent periods or years. Any change in accounting estimates would be recognised prospectively in the corresponding consolidated income statement.

In addition, the main judgments 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 note 8),
- Criteria for testing for impairment of financial assets (see note 10),
- Reasons justifying the capitalisation of development projects (see note 7).

d) Changes to EU-IFRS in 2011

The following standards (IAS/IFRS) and interpretations (IFRIC) effective from 1 January 2011 have been considered in the elaboration of this Consolidated Annual Accounts.

- IAS 24 Related Party Disclosures. Effective for annual periods beginning on or after 1 January 2011.
- IFRIC 14 Prepayments of a Minimum Funding Requirement. Effective for annual periods beginning on or after 1 January 2011.
- Amendment to IFRS 1 Exemption from Comparative IFRS 7 Disclosures. Effective for annual periods beginning after 30 June 2010.
- Improvements to IFRS issued in May 2010. This affects different standards and therefore the entities must disclose any specific impacts. Generally taking effect as of 2011.

I. Issued standards effective for periods beginning on or after 1 January 2012:

- IFRS 9 Financial Instruments. Effective for annual periods beginning on or after 1 January 2015. Pending adoption by the EU.

(Continued)

- Amendments to IAS 12 - Recovery of Underlying Assets. Effective for annual periods beginning on or after 1 January 2012. Pending adoption by the EU.

- Amendments to IFRS 7 – Disclosures of Transfers of Financial Assets. Effective for annual periods beginning on or after 1 July 2011.

- Amendments to IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters. Effective for annual periods beginning on or after 1 July 2011. Pending adoption by the EU.

- IAS 19 Employee Benefits. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income. Effective for annual periods beginning on or after 1 July 2012. Pending adoption by the EU.

- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- IAS 27 Consolidated and Separate Financial Statements. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

- IFRS 7 - Financial Instruments: Disclosures: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to years starting on or after 1 January 2013. Pending adoption by the EU.

- 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. Pending adoption by the EU.

The Group has not applied any standards or interpretations issued and adopted by the EU prior to their entry into force. 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.

(Continued)

3. Significant Accounting Principles

A summary of the most significant principles is as follows:

a) Consolidation principles

i) Subsidiaries and business combinations

Subsidiaries are all entities, including special purpose entities (SPE), over which the Company, directly or indirectly, exercises control. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible at year end held by the Group or third parties are taken into account.

The incomes, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is that on which the Group obtains the control of them, until the date that control ceases. Subsidiaries are excluded from consolidation from the date on which control is lost.

The Group applied the exception included in IFRS 1 First-time adoption of International Financial Reporting Standards, and therefore only business combinations effective as of 1 January 2005, the EU-IFRS transition date, have been accounted for by applying the purchase method. Entities acquired prior to this date were recognised in accordance with the previous Spanish Chart of Accounts, after having taken into consideration amendments and adjustments required at transition date.

Business combinations carried out prior to 1 July 2009

The cost of a business combination carried out prior to 1 July 2009 is measured as the aggregate of: the fair values at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. Adjustments to the cost of the business combination that are contingent on future events form a part thereof provided that the adjustment is probable and can be measured reliably.

The cost of a business combination is allocated between the fair value of assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) of the acquiree, except for non-current assets or disposal groups that are classified as held for sale, which are recognised at fair value less costs to sell.

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 considerations or subsequent changes in contingent considerations are recognised as a prospective adjustment to the cost of the business combination.

Business combinations carried out after 1 July 2009

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

The consideration given excludes any amounts that are not part of the exchange for the acquiree. The costs relating to the acquisition 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 contingent liabilities to the extent that they represent present obligations that arise from past events and their fair value can be measured reliably.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

Any excess between the consideration given, plus the value assigned to the non-controlling interests and the net amount of assets acquired and liabilities assumed is recognised as goodwill. Where applicable, any shortfall, after evaluating the amount of the consideration given, the value allocated to the non-controlling interests and the identification and measurement of the net assets acquired, is recognised in profit or loss.

(Continued)

The contingent consideration is classified in accordance with underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Provided that subsequent changes in the fair value of a financial asset or a financial liability do not relate to an adjustment of the measurement period, they are recognised in consolidated profit and loss or other comprehensive income. Contingent considerations classified as equity are not subject to subsequent adjustments and settlement is also recognised in equity. Contingent considerations classified as a provision are recognised subsequently in accordance with the corresponding measurement standard.

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 indication of impairment in transferred assets.

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

The financial statements of consolidated subsidiaries reflect the same reporting date and period as that 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 share of the Group and non-controlling interests in consolidated profit for the year (total consolidated comprehensive income) and in changes in equity of subsidiaries, after taking into consideration the adjustments and eliminations deriving from the consolidation, is determined on the basis of ownership interests at year end, excluding the possible exercise or conversion of potential voting rights and after having discounted the effect of dividends, agreed or not, on preference shares with cumulative rights which have been classified in equity accounts. However, Group and minority 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, which cannot be attributed to the latter as such losses exceed their interest in the net shares of the subsidiary, is recognised as a decrease in the equity 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. Subsequent profits obtained by the Group are attributed to equity attributable to the Parent's shareholders until the non-controlling interests' share in prior years' losses is recovered.

Since 1 January 2010 the profit and loss and each component of other comprehensive income are allocated to the equity attributable to the Parent's shareholders and to the non-controlling interests in proportion to their interest, even though this implies a receivable from non-controlling interests. Agreements signed by the Group and non-controlling interests are recognised as a separate transaction.

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 expense in the consolidated income statement, 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 of interests to minority shareholders.

iii) Associates

Associates are all entities over which the Company has significant direct or indirect influence through subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies.

Investments in associates are accounted for on an equity accounted basis from the date that significant commences until the date on which the Company can no longer justify its control.

(Continued)

The acquisition of associates is recognised by applying the purchase method which is referred to in the case of subsidiaries. Goodwill, net of accumulated impairment, is included in the carrying amount of the investment applying the equity method.

iv) Impairment

The Group applies impairment criteria set out in IAS 39: Financial instruments Recognition and Measurement, to determine whether it is necessary to recognise any additional impairment loss with respect to the investor's net investment in the associate or any other financial asset held as a result of the application of the equity method.

b) Foreign currency

i) Functional and presentation currency

The consolidated annual accounts are presented in thousands of Euros, rounded to the nearest thousand, which is the functional and presentation currency of the Parent.

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 at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated profit and loss.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the 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 held.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in the consolidated income statement.

iii) Translation of foreign operations

Foreign operations, the functional currency of which is not of a hiperinflacionary country, have been translated to Euros by applying the following criteria:

- The assets and liabilities, including goodwill and net asset adjustments, arising from the acquisition of businesses, including comparatives, are translated to Euros at foreign exchange rates ruling at the balance sheet date.
- Revenue and expenses, including comparatives, are translated to Euros at foreign exchange rates ruling at the dates of the transactions.
- Exchange differences arising from the application of the aforementioned criteria are recognised as exchange differences under equity;

In the consolidated cash flow statement, cash flows, including comparatives, from subsidiaries and foreign joint ventures are translated into Euros at the exchange rate ruling 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) Owned assets

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, considering the principles established for the cost of constructing an asset. The capitalisation of the cost of constructing an asset is recognised under 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 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.

(Continued)

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 assets

Non-current investments in property leased from third parties are measured using the same criteria as for property, plant and equipment. Investments are amortised over the lower of useful life or the term of the lease contract. 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

Depreciation of items of property, plant and equipment is calculated using the straight-line basis to allocate their cost or deemed cost to their residual values over their estimated useful lives. 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. The estimated useful lives of other items of property, plant and equipment are as follows:

	Estimated useful life (years)
Buildings	33
Plant and machinery	3-10
Other installations, equipment and furniture	3-10
Information technology equipment	2-5
Motor vehicles	3-8
Other assets	4-10

The Group reassesses the residual value, periods and depreciation method at least at the end of each financial year. Changes to the initially established criteria are recognised as a change in estimations.

The Group evaluates and determines, where applicable, impairment losses and reversals of impairment losses on property, plant and equipment based on the criteria described in note 3 f).

d) Intangible assets

i) Goodwill

Goodwill is measured with the criteria shown in note 3 a) i) of subsidiaries and business combinations.

Goodwill is not amortised, but is tested annually for impairment or more frequently if there is an indication that the asset may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs, that is expected to benefit from the synergies of the combination and the criteria referred to in note 3 f) are applied. After initial recognition, goodwill is measured at cost, less accumulated impairment losses.

Goodwill relating to business combinations prior to 1 January 2005 was included at net value 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.

(Continued)

ii) Internally generated intangible assets

Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred. Expenditure on development activities is capitalised to the extent that:

- The Group has technical studies to justify the feasibility of the production process;
- The Group undertakes to complete production of the asset and sell it;
- The asset will generate sufficient future economic benefits through future sales in the markets in which the Group operates;
- The Group has technical and financial resources (and other resources) to complete the development of the asset and has developed budgetary control and cost accounting systems to enable it to monitor budgeted expenditure, modifications introduced and expenditure actually charged to different projects.

Expenditure on assets internally generated by the Group is measured using the same principles as those established in measuring the costs to produce the assets. Production costs are capitalised using by crediting expenditure allocated to assets under Self-constructed non-current assets on the consolidated income statement.

Expenditure on activities which contribute to the development of the Group's different business combinations is recognised in the consolidated income statement as an expense when it is incurred.

In general, replacements or subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the assets.

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 expenditure on research and development projects is recognised in the same way as 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. The value has been calculated by applying a market value obtained through commonly-accepted evaluation methods based on the discounting of future cash flows. Finite useful lives have been calculated based on historical evidence of the continued renewal of the relationship with these clients.

iv) Other intangible assets

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

(v) Useful life and amortisation

The Group assesses whether the useful life of an 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 is expected to 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 based on the following useful lives:

	Amortisation method	Estimated useful life (years)
Development costs	Straight line	3-4
Trademarks and patents	Straight line	5-10
Software	Straight line	3-5
Customer portfolio	Straight line / Declining balance (*)	3-15
Other intangible assets	Straight line	5-10

(*) based on the rate of decrease of customers.

(Continued)

The depreciable amount of intangible asset items is the cost of acquisition less the residual value.

The Group reassesses the residual values, useful lives and amortisation methods of intangible assets at the end of each financial year. Changes to the initially established criteria are recognised as a change in estimations.

(vi) Impairment

The Group assesses and determines impairment losses and reversals of impairment losses on intangible assets based on the criteria described in note 3 (f).

e) Investment property

Investment properties are properties which are held fully or partly either to earn rental income or for capital appreciation or for both, instead of for use in production or supplying assets or services. Investment properties are initially recognised at cost, including transaction costs.

The Group measures investment property subsequent to its initial recognition, following the cost criteria established for property, plant and equipment. Amortisation methods and useful lives are those reflected under property, plant and equipment.

f) Impairment of non-financial assets

The Company assesses 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.

Irrespective of whether any indication of impairment exists, at least on a yearly basis the Group performs impairment testing of goodwill, indefinite-lived intangible assets and intangible assets that are not yet available for use.

The recoverable amount of assets is the higher of their fair value less costs to sell and value in use. An assessment of value in use, takes into consideration the estimated future cash flows deriving from use of the assets, expectations of possible variations in the amount or timing of those future cash inflows, 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 inflows the entity 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.

The recoverable amount is determined for an 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, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses recognised in respect of the CGU are allocated first to reduce, where applicable, the carrying amount of any goodwill allocated to CGUs and then, to reduce the carrying amount of other assets in the unit, pro rata with the carrying amounts of the assets, with the limit being the higher of fair value less costs to sell, value in use and nil.

The Group assesses at each year end whether there is any indication that an impairment loss recognised in previous periods may no longer exist or may have decreased. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

The reversal of impairment losses is reflected in the consolidated income statement. Nevertheless, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

g) Leases

The Group has the right to use certain assets through lease contracts.

Leases in terms of 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.

(Continued)

i) Finance leases

At the commencement of the lease term the Group recognises finance leases as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Initial direct costs are included as an increase in the value of the leased asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Financial expenses are registered in the consolidated profit and loss account using the effective interest rate method. Contingent rents are recognised as expenses in the periods in which they are incurred.

Accounting principles applied to assets used by the Group in relation to the lease contracts classified as finance leases are the same as those detailed in note 3 c).

ii) Operating leases

Lease payments under an operating lease, net of any 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 user's benefit.

Contingent rents are recognised as expenses in the periods in which they are incurred.

h) Financial instruments

i) Classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, financial liability or equity instrument, in accordance with the substance of the contractual agreement and the definitions of a financial asset, financial liability or equity instrument as set out 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 purpose for which the financial instrument 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 can only be offset when the Group has a legally enforceable right to set off the recognised amounts or intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

A financial asset or financial liability at fair value through profit or loss is classified as held for trading or that which upon initial recognition is 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.
- part of a portfolio or identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs which can be directly allocated to the purchase or issue are recognised as an expense.

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

(Continued)

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 and are different from those classified in other categories of financial assets. These assets are initially recognised at fair value, including transaction costs incurred and are subsequently carried at amortised cost using the effective interest method.

v) Available-for-sale financial assets

The Group recognises available-for-sale financial assets as 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 any transaction costs directly attributable to the purchase.

After initial recognition, available-for-sale financial assets are measured at their fair values, recognising gains and losses in income and expense recognised from consolidated equity, except for impairment. The fair value cannot be deducted for any transaction costs incurred on sale or other disposal. Amounts recognised within consolidated equity are expensed upon disposal of the financial assets. Nevertheless, interest calculated using the effective interest method and dividends are recognised in profit and loss following the criteria set out in note 3 p) (income recognition).

Investments in equity instruments for which fair value cannot be reliably estimated, are carried at cost. Nevertheless, if the Group is able to obtain a reliable value of the financial asset, these are recognised at fair value, recognising profit or loss based on their classification.

For investments in equity instruments carried at cost the Group recognises income in investments only to the extent that reserves for cumulative gains of the investee, arising after the acquisition, are distributed. Dividends received in excess of these gains are considered as a recovery of the investment and therefore are recognised as a deduction from the investment cost.

vi) Fair value

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

- First the Group applies quoted prices in the most advantageous active market to which it has immediate access, adjusted where applicable, to reflect any difference in credit risk between normally traded instruments and that which is being measured. For this purpose the purchaser price is used for assets purchased or liabilities to be issued and the seller price is used for assets to be purchased or liabilities issued. If the Group has assets and liabilities which set off market risks, average market prices are used for set off risk positions, applying the adequate price to the net position.

- If no market prices are available, recent transaction prices are used, adjusted by related terms.

- On the contrary, the Group applies generally accepted measurement techniques, using where possible market data and to a lesser extent Group-specific data.

vii) 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 uncollectability.

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

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

viii) Impairment and uncollectability of financial assets

A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss 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.

(Continued)

The Group recognises impairment losses and uncollectibility of loans and other receivables through use of an allowance account for financial assets. When impairment and uncollectibility are considered irreversible, the carrying amount is written off with a charge to 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 or loss and can be reversed in subsequent years, if the decrease can be objectively related to an event occurring after the impairment was recognised. Nevertheless, the reversal of the impairment loss does not exceed what the amortised cost of the assets would have been had the impairment not been recognised.

- *Impairment of financial assets carried at cost*

The amount of the impairment loss on assets carried at cost is measured as the difference between the carrying amount of the financial asset 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 a value-adjusting provision.

- *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 amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated profit or loss.

Impairment losses for investments in equity instruments cannot be reversed.

If the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, it is recognised in profit or loss until the amount of the previously recognised impairment loss and any excess is recognised in other consolidated comprehensive income.

iv) Financial liabilities

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

(i) Derivatives and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate risks and foreign exchange 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 hedge. 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 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 for the year.

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 as finance income or expense.

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 consolidated equity will not be recovered in one or more future periods, it reclassifies into profit or loss, as finance income or expenses, 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 consolidated equity 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 discontinues prospectively the hedge accounting if the hedging instrument expires or is sold or if the hedge no longer meets the criteria for hedge accounting. In this case, the cumulative gain in consolidated equity is not recognised in income and expenses until the forecast transaction occurs. However, if the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in consolidated equity is reclassified as finance income or expense.

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 production overheads is based on the higher of normal capacity of the production facilities or the actual level of production.

The cost of raw materials and other supplies, the cost of merchandise and costs of conversion are assigned to the different inventory units based on the weighted average price method.

The Group uses the same cost formula for all inventories of the same nature and similar use within the Group.

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

The cost of inventories is subject to adjustments against profit or loss in cases where cost exceeds net realisable value. For this purpose, net realisable value is as follows:

- Raw materials and other supplies at replacement cost. Nevertheless, the Group does not make any adjustment in those cases where it is expected that the finished goods, which include raw materials and other supplies, will be sold at or above cost of production.
- Goods for resale and finished goods: at estimated selling cost, less costs to sell;
- Work in progress: at estimated selling price of related finished goods, less the estimated costs of completion and the estimated costs necessary to make the sale;

A reduction in the previously recognised value 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 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 credit entities. 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.

(Continued)

Bank overdrafts which are recognised as financial liabilities on the consolidated balance sheet are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

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

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

Where any Group entity purchases the Company's shares, the consideration paid is deducted from equity and presented in a separate category of consolidated equity called Treasury Shares. No gain or loss is recognised in consolidated profit or loss on the purchase, sale, issue or cancellation of the Company' equity during the year.

m) Government grants

Government grants are recognised when there is reasonable assurance of compliance with the conditions attaching to them and that the grants will be received.

i) Capital grants

Capital grants extended in the form of monetary assets are recognised under government grants on the consolidated balance sheet and recognised as other income on the consolidated income statement to the extent that the assets financed by them are depreciated.

ii) Operating grants

Operating grants are recognised as a reduction in expenses financed by them.

Grants received to set off expenses or losses already incurred or to render immediate financial support not related with future expenses are recognised as other income on the consolidated income statement.

iii) Interest rate grants

Financial liabilities including implicit grants in the form of applying below market interest rates are initially recognised at fair value. The difference between this value, adjusted where applicable by issue costs of the financial liability and the amount received, is recognised as a government grant in line with the nature of the grant given.

n) Employee benefits

i) Termination benefits

The Group recognises benefits for termination unrelated to restructuring processes when it is demonstrably committed to terminating the employment of current employees before the normal retirement date. The Group is demonstrably committed to terminating the employment of current employees when a detailed formal plan has been prepared and there is no realistic possibility of changing the decisions made.

Indemnities payable in over 12 months are discounted at interest rates based on market rates of high quality bonds and debentures.

ii) Restructuring indemnities

Restructuring indemnities are recognised when the Group has an implicit obligation, that is, when a detailed and formal restructuring plan has been approved and valid expectations exist among employees either because the restructuring has commenced or has been announced publicly.

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 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 balance sheet.

(Continued)

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.

The liability for long-term benefits recognised in the consolidated balance sheet relate to the present value of the obligations assumed at that date.

The Group recognises the net cost of services rendered during the year, the interest cost and reimbursement cost or effect of any reduction or payment of acquired obligations as an accrued expense or income in respect of long-term benefits.

The present value of obligations existing at year end and the cost of services rendered is calculated on a regular basis by independent actuaries using the projected unit credit method. The discount rate is calculated based on quality bonds and debentures denominated in currencies in which the benefits will be paid and that have maturity dates approximating to the terms of the corresponding obligations.

When it is virtually certain that the expenditure required to partly or fully settle a defined benefit obligation will be reimbursed, the right to reimbursement is recognised.

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. If such entitlements are not accumulative the expense is recognised when the absences occur.

The Group recognises the expected cost of profit-sharing and bonus payments to employees 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

The Group recognises provisions when it has a present obligation (legal or constructive) as a result of a past event; it is probable 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 amounts recognised as a provision are the best estimate of the expenditure required to settle the present obligation at the consolidated balance sheet date, taking into account the risks and uncertainties related with the provision and, where significant, the financial effect of the discount, provided that the expenditures required in each period can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The financial effect of provisions is recognised under finance expenses in the consolidated income statement.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed against the income statement item where the corresponding expense was recognised, and any excess is recognised as other income.

p) Recognition of revenue

Revenue is recognised at the fair value of the consideration received or receivable for the sale of assets or services. Volume rebates or other types of trade discounts for prompt payment are recognised as a reduction in revenues if considered probable at the date of recognition of revenue.

i) Sale of goods

Revenue from the sale of goods is recognised when the Group:

- Has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 in respect of the transaction can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and

(Continued)

- The incurred costs or to be incurred related with the transaction could be reasonably measured.

The Group sells certain goods which can be returned by the purchasers. In these cases, the sale of goods is recognised when the above terms are complied with and it is possible to make a reliable estimate of returns based on previous experience and other relevant factors. Estimated returns are recognised under revenues and charged to the provision for sales returns, recognising the estimated cost value relating to the goods returned, net of the effect of any impairment, as inventory on deposit.

ii) Dividends

Revenues on dividends arising from equity instrument investments are recognised when the Group's legal right to receive payment is established.

q) Income taxes

Tax expense or tax income on profit for the period comprises both current 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 by the closing 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 balance sheet and its tax base.

Current and deferred tax is recognised as income or an expense, 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 consolidated equity or from a business combination.

Income tax deductions granted by public entities as a reduction in this tax are recognised as a lower income tax expenses when there exists reasonable assurance that the terms associated with the entitlement to deduction are met.

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, S.A., ID Electroquímica, S.L., Certikin Pool Ibérica, S.L., Way Fit, 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 goups 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, SCI 11 Rue Denfert Rochereau, SCI La Cerisay and Hydroswim International, S.A.S.).

- The German taxation authorities have granted to Fluidra Deutschland, GmbH. and its consolidated subsidiaries (MTH-Moderne Wassertechnik, AG.) a consolidated tax regime.

- The American taxation authorities have granted to U.S. Pool Holdings Inc. and its consolidated subsidiaries (Aqua Products, Inc.) a consolidated tax regime.

i) Recognition of deferred tax liabilities

Deferred tax liabilities are recognised in all cases, unless:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit/tax loss;
- They relate to taxable temporary differences associated with investments in subsidiaries and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and if it is probable that the temporary difference will not reverse in the foreseeable future.

(Continued)

ii) Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that:

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

- They relate to deductible temporary differences associated with investments in subsidiaries and joint ventures to the extent that temporary differences will revert in the foreseeable future and it is probable that future taxable profit will be available against which the differences can be utilised;

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

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 by the balance sheet date and reflecting 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.

At year end the Group reviews the carrying amount of deferred tax assets in order to reduce the carrying amount to the extent that it is not probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised.

Deferred tax assets that fail to meet the aforementioned terms are not recognised in the consolidated balance sheet. At year end the Group re-assesses compliance with terms for recognising deferred tax assets that previously had not been recognised.

iv) Classification and offsetting

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

The Group only offsets tax assets and liabilities where it has a legally enforceable right, when they relate to income taxes levied by the same taxation authority and the taxation authority permits the entity 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.

r) Offsetting assets and liabilities, income and expenses

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

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

The Group presents the consolidated balance sheet classifying assets and liabilities as current and non-current. For this purpose assets and liabilities are classified as current when they satisfy the following criteria:

- Assets are classified as current where they are expected to be realised in, or are intended for sale or consumption in the Group's normal operating cycle, within twelve months after the balance sheet date or when they are held primarily for the purpose of being traded. Cash and cash equivalents are also classified as current, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, are held primarily for the purpose of being traded, are due to be settled within twelve months after the balance sheet date or where the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

- The Group classifies financial liabilities as current when they are due to be settled within twelve months after the balance sheet 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 balance sheet date and before the consolidated annual accounts are authorised.

- Deferred tax assets and liabilities are recognised on the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

(Continued)

t) Segment Reporting

An operating segment is a component of a 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.

u) Environment

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

Expenses incurred in environmental activities are recognised as operating expenses in the year 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 property, plant and equipment, applying the measurement criteria described above.

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

The Group is internally organised in four divisions, three of which encompass the Group's sales and distribution activity, with a geographical approach, while the fourth area covers production activity.

The sales divisions are South-West Europe (SWE), North-East Europe, Middle East and Africa (NEEMEA) and America, Asia and Pacific (AAP). These divisions are transversally divided into four business units: swimming pools, water treatment, irrigation and fluid conduction. These units market their products to the residential, sales, agricultural and industrial segments. This new structure 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 approach of the Industrial Division (INDUSTRY) aims to increase cost efficiency by downsizing production plant structure and optimising industrial assets.

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 have not been allocated to the aforementioned divisions as they do not meet the definition of an operating segment (they do not generate significant third-party revenue). These companies have been grouped under shared services.

Inter-segment sales prices are established based on the normal commercial terms and conditions available to 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.

There are no customers with sales to third parties exceeding 10% of total sales.

Details of financial information by the Group's business segments for the year ended 31 December 2011 and 2010 are shown in Appendix II of these summarised interim consolidated financial statements.

(Continued)

5. Business Combinations

Details of operations involving the most significant business combinations during 2011 and 2010 are as follows:

- On 17 March 2011 the Group acquired a 100% interest in Aquatron Inc. and Aqua Products Inc., as well as the automated pool cleaner manufacture and sales lines of business from the Israeli company Aquatron Robotics Systems, Ltd. The acquisition of these lines of business included the client portfolio, brands, property, plant and equipment, inventories, personnel and other assets and liabilities associated with these activities. Aqua Products Inc. and Aquatron Inc., with headquarters in the United States, develop, manufacture and distribute electronic cleaners for private and public pools. The businesses of Aquatron Robotics Systems Ltd. were purchased by P.S.I. Pool Services Israel Ltd., a company incorporated by the Group, with headquarters in Israel.

  Consolidated sales for the year of merchandise and finished goods of the businesses acquired totalled US Dollars 45 million, with the main markets being the United States and Europe. An initial amount of Euros 32 million was paid for this acquisition, and the contract provided for contingent amounts subject mainly to the results obtained in 2011-2016 from the businesses acquired. The Group has recognised an amount of Euros 41,725 thousand in connection with this contingent consideration. The Group has estimated fair value by weighting the outcomes by their associated probabilities. The agreement does not provide for any maximum amount payable.

  The businesses acquired (Aqua Group) generated total consolidated sales of merchandise and finished goods and consolidated profit after tax for the period between the date of acquisition and 31 December 2011 of Euros 24,242 thousand and Euros 943 thousand, respectively.

  Had the acquisition taken place on 1 January 2011, the Group's sales of merchandise and finished goods and consolidated profit after tax for the year ended 31 December 2011 would have been increased by Euros 5,185 million and Euros 1,235 million, respectively.

Details of the cost, the fair value of net assets acquired and goodwill are as follows:

	Thousands of Euros
Cost of business combination	
Cash paid	31.934
Fair value of deferred payments	41.725
Total cost of business combination	73.659
Fair value of net assets acquired	39.742
Goodwill (note 7)	33.917

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 EU IFRS, mainly relate to the distribution networks, workforce and synergies of the business acquired,

During 2011 and 2010 no subsidiaries or associates have been derecognised.

(Continued)

The amounts recognised in the consolidated balance sheet at the acquisition date of assets, liabilities and contingent liabilities in the business acquired during 2011 are as follows:

	Thousands of Euros	
	Fair value	Carrying amount
Property, plant and equipment	1,481	1,481
Other intangible assets	32,508	994
Other non-current financial assets	82	82
Deferred tax assets	1,358	270
Trade and other receivables	12,726	14,968
Inventories	10,971	12,375
Cash and cash equivalents	294	294
Total assets	59,420	30,464
Loans and borrowings	8,325	8,325
Derivative financial instruments	39	39
Trade and other payables	10,817	10,817
Provisions	497	140
Total liabilities and contingent liabilities	19,678	19,321
Total net assets acquired	39,742	11,143
Consideration paid, satisfied in cash	31,934	
Cash and cash equivalents	294	
Cash flow paid for acquisitions	31,640	

During year 2011, cash disbursements of minority interest acquisitions of Euros 368 thousand (Euros 10,124 thousand in year 2010 for subsidiary acquisitions and minority interest acquisitions) have been made.

6. Property, Plant and Equipment

Details of and movement in property, plant and equipment during 2011 and 2010 are as follows:

	Thousands of Euros						
	Balances at 31.12.10	Business combinations	Aditions	Disposals	Transfers	Translation differences	Balances at 31.12.11
Cost							
Land and buildings	79,810	-	813	(1,331)	1,086	-	80,378
Plant and machinery	122,508	292	3,928	(7,155)	355	439	120,367
Other installations, equipment and furniture	101,906	1,431	6,445	(4,086)	651	224	106,571
Other fixed assets	20,435	440	2,122	(1,591)	(80)	21	21,347
Work in progress	716	-	1,595	(247)	(1,227)	4	841
	325,375	2,163	14,903	(14,410)	785	688	329,504
Accumulated depreciation							
Buildings	(20,909)	-	(3,824)	1,159	(79)	(16)	(23,669)
Plant and machinery	(87,079)	(283)	(6,966)	7,056	159	(272)	(87,365)
Other installations, equipment and furniture	(81,441)	(43)	(5,556)	3,929	(136)	(170)	(83,417)
Other fixed assets	(15,085)	(376)	(2,410)	1,420	98	(30)	(16,383)
	(204,514)	(682)	(18,756)	13,564	42	(488)	(210,834)
Carrying amount	120,861	1,481	(3,853)	(846)	827	200	118,670

	Thousands of Euros						
	Balances at 31.12.09	Business combinations	Aditions	Disposals	Transfers	Translation differences	Balances at 31.12.10
Cost							
Land and buildings	80,496	-	826	(1,775)	121	142	79,810
Plant and machinery	121,113	-	4,168	(1,722)	(2,524)	1,473	122,508
Other installations, equipment and furniture	96,319	-	4,625	(2,640)	3,252	350	101,906
Other fixed assets	19,724	-	2,073	(1,722)	42	318	20,435
Work in progress	382	-	1,994	(44)	(1,617)	1	716
	318,034	-	13,686	(7,903)	(726)	2,284	325,375
Accumulated depreciation							
Buildings	(16,616)	-	(6,088)	1,768	93	(66)	(20,909)
Plant and machinery	(82,744)	-	(7,391)	2,623	1,289	(856)	(87,079)
Other installations, equipment and furniture	(75,084)	-	(6,005)	1,149	(1,305)	(196)	(81,441)
Other fixed assets	(14,216)	-	(2,284)	1,540	57	(182)	(15,085)
	(188,660)	-	(21,768)	7,080	134	(1,300)	(204,514)
Carrying amount	129,374	-	(8,082)	(823)	(592)	984	120,861

a) Mortgaged property, plant and equipment

At 31 December 2011 property, plant and equipment with a carrying amount of Euros 7,799 thousand (Euros 8,595 thousand in 2010) are mortgaged to secure payment of certain bank loans (see note 18).

At 31 December 2011 property, plant and equipment with a carrying amount of Euros 1,863 thousand (Euros 2,112 thousands in 2010) are mortgaged to secure a liability with a minority interest.

(Continued)

b) Insurance

The consolidated Group has contracted various 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 through finance lease

The Group has the following kinds of asset contracted through finance lease at 31 December 2011 and 2010:

	Thousads of Euros	
	2011	2010
Buildings	21,492	21,516
Plant and machinery	2,918	4,834
Other installations	890	890
Furniture	34	29
Moulds	10	10
Motor vehicles	970	1,191
Other assets	416	899
	26,730	29,369
Less, accumulated depreciation	(6,278)	(7,841)
Net value at 31 December	20,452	21,528

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 2011 is Euros 7,476 thousand (Euros 8,126 thousand in 2010), with a purchase option of Euros 100 thousand. This property lease accrues interest at a fixed rate of 3.8% until 2013 and a floating interest rate based on Euribor plus a 0.5% spread.

2) Aquambiente, 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 2005 and the last instalment falling due on 4 November 2020. Instalments are settled on a monthly basis and the amount due at 31 December 2011 is Euros 1,146 thousand (Euros 1,245 thousand in 2010), with a purchase option of Euros 167 thousand. This property lease accrues floating interest based on Euribor plus a 1% spread.

3) Hydroswim International, S.A.S.: property lease with Fructicomi (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 2011 is Euros 1,354 thousand (Euros 1,534 thousand in 2010), with a purchase option of Euros 1. This property lease accrues floating interest based on Euribor plus a 0.85% spread.

4) Astral Pool Australia: 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 maturity date extended to 30 June 2016. Instalments are settled on a monthly basis and the amount due at 31 December 2011 is Euros 727 thousand (Euros 823 thousand in 2010). This property lease accrues fixed interest 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 2011 is Euros 1,085 thousand (Euros 1,147 thousand in 2010), with a purchase option of Euros 769 thousand. This property lease accrues interest at a floating rate based on Euribor plus a 3.20% spread.

6) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the extension of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 512 thousand. Contract signed on 30 November 2003 and maturity date extended to 20 August 2018. Instalments are

(Continued)

settled on a monthly basis and the amount due at 31 December 2011 is Euros 268 thousand (Euros 275 thousand in 2010), with a purchase option of Euros 205 thousand. This property lease accrues interest at a floating rate based on Euribor plus a 2.10% spread.

A detail of the minimum payments and the present value of the finance lease liabilities by due dates at 31 December 2011 and 2010 are shown in note 18.

Finance lease liabilities are effectively guaranteed in such a way that the rights to the leased asset are reverted to the lessor in the event of non-compliance.

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

In 2011 the Group has acquired property, plant and equipment under finance lease amounting to Euros 202 thousand, financed with a debt for the same amount (Euros 1,316 thousand financed with a debt for the same amount in 2010).

d) Fully amortised assets

Cost of property, plant and equipment fully amortised and still in use at 31 December 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010
Buildings	2,040	3,364
Plant and machinery	50,133	52,434
Other installations, equipment and furniture	64,247	62,398
Other fixed assets	11,501	9,422
	127,921	127,618

e) Property, plant and equipment located abroad

At 31 December 2011, there are property, plant and equipment located abroad for a net value of Euros 30,503 thousand.

7. Goodwill and Other Intangible Assets

Details of and movement in goodwill and other intangible assets during 2011 and 2010 are as follows:

a) Goodwill

	Thousands of Euros					
	Balances at 31.12.10	Business combinations	Additions	Disposals	Translation differences	Balances at 31.12.11
Cost						
Goodwill	157,841	33,917	81	-	2,461	194,300

	Thousands of Euros					
	Balances at 31.12.09	Business combinations	Additions	Disposals	Translation differences	Balances at 31.12.10
Cost						
Goodwill	156,094	-	169	(155)	1,733	157,841

(Continued)

b) Other intangible assets

	Thousands of Euros						
	Balances at 31.12.10	Business combinations	Additions	Disposals	Transfers	Translation differences	Balances at 31.12.11
Cost							
Product development costs	15,352	-	3,973	(457)	-	60	18,928
Customer relationships	35,882	18,192	-	-	-	831	54,905
Software	7,231	379	1,555	(431)	44	39	8,817
Patents	8,190	14,554	778	(85)	35	442	23,914
Trademarks and other intangible assets	4,505	-	181	(5)	(83)	4	4,602
	71,160	33,125	6,487	(978)	(4)	1,376	111,166
Accumulated depreciation							
Product development costs	(10,621)	-	(3,343)	467	7	(10)	(13,500)
Customer relationships	(23,995)	-	(6,305)	-	-	145	(30,155)
Software	(5,127)	(344)	(1,031)	426	1	(33)	(6,108)
Patents	(5,348)	(273)	(2,881)	58	(7)	(61)	(8,512)
Trademarks and other intangible assets	(1,050)	-	(683)	7	(2)	(4)	(1,732)
	(46,141)	(617)	(14,243)	954	(1)	37	(60,007)
Carrying amount	25,019	32,508	(7,756)	(20)	(5)	1,413	51,159

	Thousands of Euros						
	Balances at 31.12.09	Business combinations	Additions	Disposals	Transfers	Translation differences	Balances at 31.12.10
Cost							
Product development costs	12,393	-	2,927	(198)	86	144	15,352
Customer relationships	36,023	-	-	(1,009)	-	868	35,882
Software	6,848	-	586	(231)	14	14	7,231
Patents	7,887	-	320	(6)	(41)	30	8,190
Other intangible assets	4,499	-	107	(9)	(37)	(55)	4,505
	67,650	-	3,940	(1,453)	22	1,001	71,160
Accumulated depreciation							
Product development costs	(7,068)	-	(3,725)	198	-	(26)	(10,621)
Customer relationships	(19,687)	-	(4,838)	1,009	-	(479)	(23,995)
Software	(4,350)	-	(1,002)	227	10	(12)	(5,127)
Patents	(3,952)	-	(1,394)	6	-	(8)	(5,348)
Other intangible assets	(548)	-	(492)	5	-	(15)	(1,050)
	(35,605)	-	(11,451)	1,445	10	(540)	(46,141)
Carrying amount	32,045	-	(7,515)	(3)	31	461	25,019

There are no guaranteed intangible assets.

Additions of product development costs for 2011 of Euros 3,973 thousand (Euros 2,927 thousand in 2010) comprise self-constructed non-current asset and are included in this category of the profit and loss account.

(Continued)

The cost of fully amortised intangible assets in use at 31 December 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010
Product development costs	6,995	3,376
Software	3,718	3,004
Patents	2,240	1,171
Other intangible assets	151	132
	13,104	7,683

At 31 December 2011, there are intangible assets located abroad for a net value of Euros 36,886 thousand.

Details of the carrying amount and residual amortisation period of individually significant intangible assets at 31 December 2011 and 2010, before translation differences, are as follows:

		Thousands of Euros	
Customer relationships	Residual useful life	2011	2010
CGU			
SWE	1	1,531	44,372
Industry	1 - 3	3,320	5,297
Astral Holdings Australia	4 - 5	2,436	2,218
Aqua Group	3 - 15	17,663	-
		24,950	11,887

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

For the purpose of impairment testing, 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 2011 and 2010 is therefore as follows:

		Thousands of Euros	
	Segment	2011	2010
Fluidra South-Western Europe	SWE	30,298	30,229
Fluidra Northeastern Europe, Middle East & Africa	NEEMEA	32,136	32,124
Fluidra America, Asia & Pacific	AAP	12,039	12,115
Fluidra Industry	Industry	43,804	43,804
Manufacturas Gre, S.A.	Industry	22,741	22,741
Certikin Internacional, LTD	SWE	3,494	3,391
SSA Fluidra Österreich, GmbH	NEEMEA	4,991	4,991
Astral Holdings Australia, PTY LTD & subsidiaries	AAP	8,719	8,446
Aqua Group	Industry	36,078	-
Total		194,300	157,841

The recoverable amount of each CGU is determined based on its value in use. These calculations are based on cash flow projections from the four-year financial budgets approved by management. The Group has budgeted revenues/profitability based on historical sales and income, and market expectations. Cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2%. The growth rate

(Continued)

does not exceed the long-term average growth rate for the businesses in which the CGUs operate. The post-tax discount rates used range from 10%-12% and 14%-16%, respectively, based on the CGU, and reflect the risks specific to the corresponding segments.

For all CGUs, with the exception of the SWE CGU, including with straight-line projections of the income/yield, the value in use determined in accordance with the aforementioned calculation method exceeds the value of the corresponding net assets and goodwill assigned to these CGUs. This excess would still exist in the event of additional changes in the assumptions used to determine value in use.

In the case of the SWE CGU, value in use is estimated at approximately Euros 122 million (Euros 139 million in 2010) and adequately covers the amount of net assets and goodwill assigned to this CGU. In this case, growth projections have been used which in no event exceed the 2008 sales/yield levels for 2015 (perpetual yield projection basis). In accordance with the analysis done, and based to the information and present expectations, the reasonably possible changes in the assumptions done for the determination of the recoverable value, no significant impacts in the consolidated annual accounts of the Group as of 31 December 2011 and 2010.

Changes in the assumptions used to determine value in use can modify the estimate of these values. 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 and movement in investment property during 2011 and 2010 are as follows:

	Thousands of Euros				
	Balances at 31.12.10	Additions	Disposals	Transfers	Balances at 31.12.11
Cost					
Land	1,426	-	(86)	(225)	1,115
Buildings	1,651	-	(353)	(675)	623
	3,077	-	(439)	(900)	1,738
Accumulated depreciation					
Buildings	(469)	(62)	142	78	(311)
	(469)	(62)	142	78	(311)
Carrying amount	2,608	(62)	(297)	(822)	1,427

	Thousands of Euros				
	Balances at 31.12.09	Additions	Disposals	Transfers	Balances at 31.12.10
Cost					
Land	1,221	-	-	205	1,426
Buildings	1,179	-	-	472	1,651
	2,400	-	-	677	3,077
Accumulated depreciation					
Buildings	(237)	(98)	-	(134)	(469)
	(237)	(98)	-	(134)	(469)
Carrying amount	2,163	(98)	-	543	2,608

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

(Continued)

9. Investments Accounted for Using the Equity Method

Movement in investments accounted for using the equity method is as follows:

	Thousands of Euros	
	2011	2010
Balance at 1 January	220	158
Share of profit / (losses)	31	76
Dividends received	(14)	(14)
Others	(49)	-
Balance at 31 December	188	220

Details of the investments accounted for using the equity method for 2011 and 2010 are as follows:

			2011 Thousands of Euros				
	Country	% ownership	Assets	Liabilities	Equity	Income	Profit/(Loss)
Inquevap Energía, S.L.	Spain	30.5	2,408	1,777	631	4,049	123
Astral Nigeria, LTD	Nigeria	25	330	11	319	1,189	(25)
			2,738	1,788	950	5,238	98

			2010 Thousands of Euros				
	Country	% ownership	Assets	Liabilities	Equity	Income	Profit/(Loss)
Inquevap Energía, S.L.	Spain	30.5	3,065	2,618	447	3,821	143
Astral Nigeria, LTD	Nigeria	25	374	65	339	1,010	131
			3,439	2,683	786	4,831	274

10. Current and Non-current Financial Assets

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

		Thousands of Euros	
	Note	2011	2010
Available-for-sale financial assets		1,834	1,879
Guarantee deposits		3,228	3,219
Derivative financial instruments	11	732	118
Total non-current		5,794	5,216
Available-for-sale financial assets		25,011	11,557
Guarantee deposits		968	1,138
Derivative financial instruments	11	384	55
Total current		26,363	12,750

(Continued)

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

	Thousands of Euros	
	2011	2010
At 1 January	13,436	2,017
Additions	13,457	11,491
Disposals	-	(1)
Adjustment to fair value recognised in profit and loss	(48)	(71)
At 31 December	26,845	13,436
Less: Current portion	(25,011)	(11,557)
Total non-current	1,834	1,879

Non-current available-for-sale assets mainly relate to perpetual debt securities quoted on an over-the-counter market. Current balances relate to deposits.

The fair value of quoted securities is calculated based on the quoted value at the closing date of the consolidated annual accounts.

Guarantee deposits set up as a result of lease contracts are measured in accordance with the criteria for financial assets included in note 3. The difference between the amount given and the fair value is recognized as an advance payment under profit and loss over the lease term.

11. Derivative Financial Instruments

Details of derivative financial instruments are as follows:

	2011				
		Thousands of Euros			
	Nominal	Fair values			
	amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivative held for trading					
a) Exchange-rate derivatives					
Foreign currency forwards	12,600	-	333	-	147
Options traded in OTC markets	10,047	648	-	-	-
Total derivatives traded in OTC markets		648	333	-	147
b) Interest-rate derivatives					
Interest rate swaps	32,806	57	-	1,178	4
Interest-rate and currency swaps	1,670	-	-	513	-
Total derivatives traded in OTC markets		57	-	1,691	4
Total derivatives held for trading		705	333	1,691	151
2) Hedging derivatives					
a) Fair value hedges					
Interest rate swaps	41,571	-	-	481	-
b) Cash flow hedges					
Exchange rate swaps	6,569	27	51	-	-
Total heding derivatives		27	51	481	-
Total recognised derivatives		732	384	2,172	151
		(Note 10)	(Note 10)		

(Continued)

	2010				
		Thousands of Euros			
	Nominal	Fair values			
	amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivative held for trading					
a) Exchange-rate derivatives					
Foreign currency forwards	4,776	-	55	-	31
Total derivatives traded in OTC markets		-	55	-	31
b) Interest-rate derivatives					
Interest rate swaps	42,936	112	-	1,642	11
Interest-rate and currency swaps	4,076	-	-	11	-
Interest-rate options in OTC markets	1,498	-	-	-	-
Total derivatives traded in OTC markets		112	-	1,653	30
Total derivatives held for trading		112	55	1,653	42
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	33,416	6	-	194	-
Total heding derivatives		6	-	194	-
Total recognised derivatives		118	55	1,847	42
		(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 141 thousand (Euros 91 thousand in 2010).

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 -171 thousand (an increase of Euros 93 thousand in 2010).

Total cash flow hedges transferred in 2011 from other comprehensive income in equity to the consolidated income statement (under financial income/expense) amounts to a loss of Euros 197 thousand (losses of Euros 442 thousand in 2010).

a) Interest rate swaps

The Group uses interest rate swaps instruments for floating to fixed rates with or without deactivating barriers, with fixed rate values ranging between 1.65% and 6.40% and with barrier intervals between 5.50-6.75%. 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 2011 are as follows:

Derivatives held for trading 31.12.11			
Notional amount in thousands of Euros	Start Date	End Date	Type of derivative
7,413	21/12/2004	21/12/2019	Barrier swap
1,459	13/03/2009	13/10/2014	Fixed-rate swap
1,277	13/03/2009	24/10/2014	Fixed-rate swap
6,431	16/02/2008	20/02/2014	Fixed-rate swap
4,281	13/03/2009	30/03/2014	Fixed-rate swap
2,272	03/05/2007	03/05/2014	Fixed-rate swap
2,272	26/03/2009	03/05/2014	Fixed-rate swap
1,670	09/05/2007	20/10/2013	Fixed-rate swap
1,670	13/03/2009	20/10/2013	Fixed-rate swap
311	27/07/2007	24/06/2012	Fixed-rate swap
3,750	29/06/2009	30/06/2014	Fixed-rate swap
1,670	01/12/2006	20/10/2013	Cap option and exchange-rate hedge
34,476			

(Continued)

Derivatives held for trading 31.12.10			
Notional amount in thousands of Euros	Start Date	End date	Type of derivative
8,072	21/12/2004	21/12/2019	Barrier swap
1,000	13/03/2009	06/06/2011	Fixed-rate swap
1,890	13/03/2009	13/10/2014	Fixed-rate swap
1,703	13/03/2009	24/10/2014	Fixed-rate swap
1,498	21/11/2016	21/11/2011	Cap option
4,076	01/12/2006	20/10/2013	Cap option and exchange-rate hedge
8,241	13/03/2009	20/02/2014	Fixed-rate swap
5,482	13/03/2009	30/03/2014	Fixed-rate swap
2,907	03/05/2007	05/05/2014	Fixed-rate swap
2,907	26/03/2009	03/05/2014	Fixed-rate swap
2,463	09/05/2007	20/10/2013	Fixed-rate swap
2,463	13/03/2009	20/10/2013	Fixed-rate swap
100	13/03/2009	20/04/2011	Fixed-rate swap
708	13/03/2009	24/06/2012	Fixed-rate swap
5,000	29/06/2009	29/06/2013	Fixed-rate swap
48,510			

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 recognized as though they are held for trading.

Hedge accounting derivatives 31.12.11			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
3,750	29/06/2009	30/06/2014	Fixed-rate swap
5,000	03/03/2010	26/02/2013	Fixed-rate swap
3,750	26/03/2010	11/03/2013	Fixed-rate swap
3,250	30/03/2010	11/03/2015	Fixed-rate swap
1,500	30/03/2010	01/04/2013	Fixed-rate swap
960	02/06/2010	25/06/2015	Fixed-rate swap
680	02/06/2010	25/06/2015	Fixed-rate swap
624	02/06/2010	25/06/2015	Fixed-rate swap
1,040	02/06/2010	25/06/2015	Fixed-rate swap
540	02/06/2010	25/06/2015	Fixed-rate swap
2,158	21/07/2010	30/06/2015	Fixed-rate swap
708	29/09/2008	01/10/2013	Fixed-rate swap
8,000	02/08/2011	01/10/2015	Fixed-rate swap
9,611	21/12/2011	19/04/2016	Fixed-rate swap
41,571			

(Continued)

Hedge accounting derivatives 31.12.10			
Notional amount in thousands of Euros	Start date	End date	Type of derivative
5,000	29/06/2009	30/06/2014	Fixed-rate swap
9,000	03/03/2010	26/02/2013	Fixed-rate swap
6,000	26/03/2010	11/03/2013	Fixed-rate swap
4,250	30/03/2010	11/03/2015	Fixed-rate swap
2,500	30/03/2010	01/04/2013	Fixed-rate swap
960	02/06/2010	25/06/2015	Fixed-rate swap
680	02/06/2010	25/06/2015	Fixed-rate swap
624	02/06/2010	25/06/2015	Fixed-rate swap
1,040	02/06/2010	25/06/2015	Fixed-rate swap
540	02/06/2010	25/06/2015	Fixed-rate swap
2,822	21/07/2010	30/06/2015	Fixed-rate swap
33,416			

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

	Thousands of Euros	
	2011	2010
Up to 1 year	311	2,598
Between 1 and 5 years	68,321	71,256
More than 5 years	7,414	8,072
	76,046	81,926

Because they are derivatives which cannot be traded on organised markets, the fair value of swaps is calculated using the revised value of the expected cash flows due to the difference in rates, based on market conditions at the measurement date (measurement method level 2 in accordance to IFRS 7.27 A).

b) Foreign currency forward contracts

In order to manage its exchange rate exposure in forward outright sale and purchase contracts, the Group has entered into purchase and sale forward contracts on the main markets in which it operates. For some of them, the Group apply hedge accounting.

A breakdown by type of currency, of the notional amounts of forward contracts at 31 December 2011 and 2010, the residual values of which are of two years, is as follows:

	Thousands of Euros	
	2011	2010
USD / EUR	2,705	4,476
GBP / EUR	2,860	300
ILS / USD	16,617	-
EUR / USD	4,581	-
EUR / ILS	2,453	-
	29,216	4,776

The total nocional amount of Euros 6,569 thousand of exchange rate swaps in the cash flow hedges are forward contracts in ILS/USD.

(Continued)

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

	Thousands of Euros	
	2011	2010
Up to 1 year	14,532	4,776
Between 1 and 5 years	14,684	-
	29,216	4,776

The fair values of these forward contracts have been estimated using discounted cash flows based on forward exchange rates available from public data at balance sheet date.

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	
	2011	2010
Goods for resale	45,404	46,241
Raw materials and other supplies	39,809	31,758
Finished goods and work in progress	56,484	49,680
	141,697	127,679

At 31 December 2011 and 2010 the Group does not have any inventories, the recovery period of which is estimated to be greater than 12 months from the consolidated balance sheet date.

As a result of business combinations took place in 2011, inventories of Euros 10,971 thousand were included.

Consolidated Group companies have contracted various insurance policies to cover the risk of damages to inventories. The coverage of these policies is considered sufficient.

There are no relevant commitments to purchase or sell goods.

During 2011 the Group has impaired inventories to adjust them to their net realisable value amounting to Euros 1,408 thousand (Euros 105 thousand during 2010). (see note 22).

13. Trade and Other Receivables

Details of trade and other receivables in the consolidated balance sheet are as follows:

	Thousands of Euros	
	2011	2010
Non-current		
Other non-current receivables (see note 31)	3,978	3,482
Current		
Trade receivables	171,829	158,990
Other receivables and prepayments	5,090	7,889
Public entities	6,865	5,597
Current income tax assets	1,824	2,471
Provisions for impairment and uncollectability	(34,583)	(30,546)
Total current	151,025	144,401

(Continued)

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 2011 and 2010 are as follows:

Trade receivables:

	Thousands of Euros	
	2011	2010
US Dollar	18,862	5,323
Australian Dollar	10,282	8,923
United Arab Emirates Dirham	6,650	7,427
Pounds Sterling	6,095	5,635
Moroccan Dirham	3,318	2,255
Turkish Lira	2,396	2,027
Mexican Peso	1,708	1,531
Chilean Peso	1,421	1,330
	50,732	34,451

Receivables from public entities are as follows:

	Thousands of Euros	
	2011	2010
Taxation authorities		
VAT	6,196	5,266
Other items	669	331
	6,865	5,597

Movement in valuation allowances for impairment and uncollectability for 2011 and 2010 is as follows:

	Thousands of Euros
Balance at 31 December 2009	26,100
Charge for the year	5,800
Translation differences	230
Write-offs	(1,584)
Balance at 31 December 2010	30,546
Business combinations	2,603
Charge for the year	9,722
Recovers	(4,635)
Translation differences	(78)
Write-offs	(3,575)
Balance at 31 December 2011	34,583

(Continued)

14. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2011	2010
Cash in hand and banks	65,267	37,785
Current bank deposits	550	53,804
	65,817	91,589

Current bank deposits accrue interest at market rates.

15. Equity

A breakdown and movement in consolidated equity is shown in the consolidated statement of changes in equity.

a) Share capital

At 31 December 2011 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 up. 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.

Since that date, these shares representing the Company's share capital have been listed on the Barcelona, Madrid, Valencia and Bilbao 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 2011 and 2010 are as follows:

Percentage ownership	31.12.2011	31.12.2010
Boyser, S.R.L.	14.12%	14.12%
Edrem, S.L.	13.50%	13.50%
Dispur, S.L.	12.18%	12.14%
Bansabadell Inversió Desenvolupament, S.A.	9.67%	9.67%
Aniol, S.L.	10.06%	9.06%
Grupo Corporativo Empres. Caja de Navarra	8.00%	8.00%
Cartera Industrial REA, S.A.	4.44%	
Bestinver Gestión, S.A. SGIIC		4.72%
Other shareholders	28.03%	28.79%
	100.00%	100.00%

b) Share premium

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

c) Legal reserve

In accordance with the article 274 of the text of the Spanish Companies Act, 10% of the profits for the year should be taken to a legal reserve until such a reserve reaches an amount equal to at least 20% of the share capital.

(Continued)

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.

d) Parent shares

Movement in treasury shares during 2011 and 2010 has been as follows:

		Euros	
	Number	Par value	Average cost of acquisition / disposals
Balances at 01.01.10	1,627,553	1,627,553	3.3735
Acquisitions	980,289	980,289	2.6073
Disposals	(3,000)	(3,000)	2.2345
Balances at 31.12.10	2,604,842	2,604,842	3.0854
Acquisitions	666,147	666,147	2.4176
Disposals	(418,661)	(418,661)	(2.7387)
Balances at 31.12.11	2,852,328	2,852,328	2.9337

At the board of directors' meeting held on 16 December 2010 the directors agreed to authorize the managing director, when considered appropriate, to negotiate and sign a liquidity contract on Fluidra shares with a credit entity, in the terms that he consider advisable for the Group. This contract was signed on the 18 February 2011 and it is adapted to the Circular 3/2007 of 19 December.

Pursuant to article 146 and concurrent articles of the Spanish Companies Act, at the annual general meeting held on 8 June 2011 the shareholders of Fluidra, S.A. authorised the Company to make derivative acquisitions 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 ineffective) and was authorised to use the treasury share portfolio to execute or cover remuneration schemes, if necessary.

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

e) 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.

f) Dividends and restrictions on dividend distribution

At 31 December 2011, the Parent's voluntary reserves, amounting to Euros 28,973 thousand (Euros 42,533 thousand at 31 December 2010), 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 2 June 2010, the Company approved the distribution to shareholders of a dividend totalling Euros 4,000 thousand.

In accordance with the decision made by the shareholders in an ordinary general meeting held on 8 June 2011, the Company approved the distribution to shareholders of a dividend totalling Euros 8,000 thousand abe distributed against voluntary reserves.

On 26 March 2012 the board of directors agreed to propose to the shareholders that dividends of Euros 8,000 thousand, Euros 1,985 thousand against profit of the year and Euros 6,015 thousand against voluntary reserves.

(Continued)

The proposed distribution of profit included in the annual accounts of the Parent company for 2011 and 2010 is as follows:

	Thousands of Euros	
	2011	2010
Basis of allocation:		
Profit / (Loss) for the year	2,205	(5,572)
Distribution:		
Legal reserve	221	-
Voluntary reserves	1,985	-
Negative results of previous years	-	5,572
Total	2,205	5,572

g) Capital management

The Group's objective when managing capital is to ensure its capacity to continue as a going concern, so that it can continue to provide yield to its shareholders and benefits to other groups of interest and maintain an optimum capital structure to reduce the capital cost.

In order to maintain and adjust its capital structure, the Group can adjust the dividends payable to shareholders, issue shares or sell assets to reduce its debt.

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

- The total leverage ratio is calculated as total assets dividend by total equity.
- The net financial debt ratio as a percentage of EBITDA is calculated as the quotient between the net financial debt and EBITDA (see note 36). Net financial debt is determined based on the sum of current and non-current financial liabilities with financial institutions less non-current financial assets, less cash and other cash equivalents and less other current financial assets.

During 2011 the strategy has not changed with respect to prior years and has consisted of maintaining the total leverage ratio and net financial debt ratio as a percentage of EBITDA between 2 and 2.5. In both cases, this target is reached at 31 December 2011. Ratios for 2011 and 2010 have been calculated as follows:

Total leverage ratio:

	Thousands of Euros	
	2011	2010
Total consolidated assets	777,454	708,364
Total consolidated equity	326,425	316,445
Total leverage ratio	2.38	2.24

Net financial debt as a percentage of EBITDA:

	Thousands of Euros	
	2011	2010
Liabilities with banks	272,211	257,170
Less: Cash and cash equivalents	(65,817)	(91,589)
Less: Non-current financial assets	(5,794)	(5,216)
Less: Other current financial assets	(26,363)	(12,750)
Consolidated Net Financial Debt	174,237	147,615
EBITDA (note 36)	70,172	64,936
% Net financial debt as a percentage of EBITDA	2.48	2.27

(Continued)

g) Minority shares

The movements of the minority shares during 2011 and 2010 have been as follows:

Company	Share percentage	
	31.12.2011	31.12.2010
Agrocepex, S.A.L.L.	100.00%	56.00%
Fluidra Hellas, S.A.	96.96%	80.00%

Derived from the transactions of these variations, an amount of Euros 368 thousand has been paid (Euros 1,240 thousand in year 2010). The effect of the acquisition above mentioned in the profit and loss account has been of Euros 123 thousand (Euros -651 thousand in previous year) (see Shares variation in Consolidated Statements of Changes in Equity).

16. Earnings per Share

a) Basic earnings

Basic earnings per share are calculated by dividing consolidated profit or loss for the year attributable to equityholders of the Parent by the weighted average number of ordinary shares issued during the twelve-month periods ended 31 December 2011 and 2010, excluding treasury shares.

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

	2011	2010
Profit / (loss) attributable to equityholders of the Parent (in thousands of Euros)	15,077	15,936
Weighted average of ordinary shares in circulation	109,742,670	110,381,575
Basic earnings per share (in Euros)	0.137390	0.144372

The weighted average number of ordinary shares issued is determined as follows:

	2011	2010
Ordinary shares in circulation at 1 January	112,629,070	112,629,070
Effect of treasury shares	(2,886,400)	(2,247,495)
Weighted average number of ordinary shares in circulation at 31 December	109,742,670	110,381,575

b) Diluted earnings

Diluted earnings per share are calculated by adjusting profit attributable to equityholders of the Parent entity 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.

(Continued)

17. Provisions

Details of provisions are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Guarantees	-	2,774	-	2,291
Provisions for taxes	2,494	-	4,583	-
Provisions for employee commitments	2,797	-	2,869	-
Litigation and other liabilities	874	-	604	-
Total	6,165	2,774	8,056	2,291

Movement in provisions during 2011 and 2010 is as follows:

	Guarantees	Provisions for employee commitments	Litigation and other liabilities	Provisions for taxes	Total
At 1 January 2010	2,042	2,253	764	4,501	9,560
Charges	588	797	53	82	1,520
Payments	(41)	(175)	-	-	(216)
Applications	(386)	(40)	(213)	-	(639)
Transfers	-	-	-	-	-
Business combinations	-	-	-	-	-
Translation differences	88	34	-	-	122
At 31 December 2010	2,291	2,869	604	4,583	10,347
Charges	683	189	203	31	1,106
Payments	(78)	(78)	(14)	(24)	(194)
Applications	(314)	(185)	(61)	(2,322)	(2,882)
Transfers	-	-	-	-	-
Business combinations	140	-	143	214	497
Translation differences	52	2	(1)	12	65
At 31 December 2011	2,774	2,797	874	2,494	8,939

18. Loans and borrowings

Details of this caption of the consolidated balance sheet are as follows:

	Thousands of Euros	
	2011	2010
Bank loans	136,810	111,655
Finance leases	12,134	13,450
Total non-current	148,944	125,115
Bank loans	63,477	51,630
Credit facilities	56,297	77,635
Discounting facilities	1,667	994
Finance leases	1,826	1,796
Total current	123,267	132,055
Total loans and borrowings	272,211	257,170

(Continued)

All the amounts indicated above are related to depreciated cost financial liabilities.

At 31 December 2011 and 2010 bank loans and credits and discounting lines accrue interest at an average market rate, except for those extended by public entities which accrue interest at rates of between 0% and 5%. There are no significant differences between the carrying amount of financial liabilities and their fair value at 31 December 2011 and 2010.

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

		Company	Amount due (Thousands of Euros)	
			2011	2010
1	Loan for nominal amount of Euros 20,000 thousand falling due on 30.06.2016 and with floating interest rate based on Euribor at 3 months, plus a margin of 2.75%, requested for the restructuring of the debt.	Fluidra,S.A.	19,098	-
2	Loan for nominal amount of Euros 11,000 thousand falling due on 23.02.2016 and with floating interest rate based on Euribor at 12 months, plus a margin of 2.75%, requested for the acquisition of Auqatron Inc., Aqua Products Inc. and Aquatron Robotic Systems Ltd.	Fluidra,S.A.	10,120	-
3	Loan for nominal amount of Euros 11,000 thousand falling due on 19.04.2016 and with floating interest rate based on Euribor at 12 months, plus a margin of 3.00%, requested for financing capex.	Fluidra, SA	10,074	-
4	Loan for nominal amount of Euros 11,000 thousand falling due on 14.03.2016 and with floating interest rate based on Euribor at 6 months, plus a margin of 2.75%, requested for for financing capex.	Fluidra, SA	10,022	-
5	Loan for nominal amount of Euros 11,000 thousand falling due on 23.02.2016 and with floating interest rate based on Euribor at 12 months, plus a margin of 2.75%, requested for the acquisition of Auqatron Inc., Aqua Products Inc. and Aquatron Robotic Systems Ltd.	Fluidra, SA	10,022	-
6	Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016 and floating interest rate based on Euribor at 12 months plus a 2.75% , requested for the acquisition of Auqatron Inc., Aqua Products Inc. and Aquatron Robotic Systems Ltd.	Fluidra, SA	10,022	-
7	Loan for a nominal amount of Euros 10,000 thousand falling due on 30.03.2015 and fixed interest rate of 4.87%, requested for the restructuring of a current debt to non-current.	Fluidra, SA	8,270	10,000
8	Loan for a nominal amount of Euros 8,000 thousand falling due on 01.10.2015 and floating interest rate based on Euribor at 12 months plus a margin of 3.00%, requested for the restructuring of the debt.	Fluidra, SA	8,000	-
9	Loan for a nominal amount of Euros 10,000 thousand falling due on 30.09.2014 and fixed interest rate of 4.60%, requested for the restructuring of a current debt to non-current.	Fluidra, SA	7,668	10,000
10	Leasing for a nominal amount of Euros 10,700 thousand falling due on 21.01.2020 and fixed interest rate of 3.80% since 2013 and floating interest rate based on Euribor plus a margin of 0,5%.	Fluidra Commercial, S.A.U.	7,476	8,126
11	Loan for a nominal amount of Euros 12,800 thousand falling due on 16.02.2014 and floating interest rate based on Euribor at 12 months plus a margin of 0.50%, requested for the acquisition of Irrigaronne.	Fluidra Commercial, S.A.U.	6,431	8,241
12	Loan for a nominal amount of Euros 10,000 thousand falling due on 29.06.2014 and floating interest rate based on Euribor at 12 months plus a margin of 2.00%., requested for the restructuring of the debt from current to non-current.	Fluidra, SA	6,250	8,750
13	Loan for a nominal amount of Euros 10,000 thousand falling due on 26.02.2013 and floating interest rate based on Euribor at 12 months plus a margin of 1.75%., requested for the restructuring of the debt from current to non-current.	Fluidra, S.A..	5,000	9,000
14	Loan for a nominal amount of Euros 5,000 thousand falling due on 01.12.2014 and floating interest rate based on Euribor at 6 months plus a margin of 3.00%, requested for financing capex.	Fluidra, S.A..	5,000	-
15	Loan for a nominal amount of Euros 5,000 thousand falling due on 26.10.2015 and floating interest rate based on Euribor at 12 months plus a margin of 3.00%, requested for the restructuring of the debt.	Fluidra, S.A..	5,000	-
16	Loan for a nominal amount of Euros 5,000 thousand falling due on 30.03.2015 and fixed interest rate of 4.40%, requested for the restructuring of the debt from current to non-current.	Fluidra, S.A..	4,375	5,000
17	Loan for a nominal amount of Euros 8,500 thousand falling due on 30.03.2014 and floating interest rate based on Euribor at 12 months plus a margin of 0.50%, requested for the acquisition of Aplicaciones Técnicas Hidráulicas, S.A.	Fluidra Industry, S.A.U.	4,281	5,482
18	Loan for nominal amount of Euros 5,000 thousand falling due on 25.05.2013 and fixed interest rate of 3.48%, requested for the restructuring of a current debt to non-current	Fluidra, S.A.	3,782	5,000
19	Loan for a nominal amount of Euros 6,000 thousand falling due on 11.03.2013 and floating interest rate based on Euribor at 3 months plus a margin of 1.40%, requested for the restructuring of a current debt to non-current.	Fluidra, S.A.	3,750	6,000
20	Loan for nominal amount of Euros 4,000 thousand falling due on 25.05.2015 and fixed interest rate of 4.37%, requested for the restructuring of a current debt to non-current	Fluidra, S.A.	3,537	4,000
21	Loan for a nominal amount of Euros 10,750 thousand falling due on 20.10.2013 and floating interest rate based on Euribor at 6 months plus a margin of 0.65%, requested for the acquisition of Huricon Holdings Pty Ltd.	Fluidra Commercial, S.A.U.	3,339	4,926
22	Loan for a nominal amount of Euros 5,000 thousand falling due on 11.03.2015 and floating interest rate based on Euribor at 1 month plus a margin of 2.00%, requested for the restructuring of a current debt to non-current	Fluidra, S.A.	3,250	4,250
23	Loan for a nominal amount of Euros 5,000 thousand falling due on 10.02.2016 and floating interest rate based on Euribor at 3 months plus a margin of 1.50%, requested for the acquisition of Pacific Industries	Fluidra Industry, S.A.U.	3,086	3,775

The most significant balances in foreign currencies at 31 December 2011 and 2010 are as follows:

Borrowings:

	Thousands of Euros	
	2011	2010
US Dollar	16,019	10,623
Australian Dollar	4,196	3,851
Pounds Sterling	2,679	4,136
Other currencies	2,434	41
	25,328	18,651

(Continued)

The Group has the following credit and discounting facilities at 31 December 2011 and 2010:

	Thousands of Euros			
	2011		2010	
	Drawn down	Limit	Drawn down	Limit
Credit facilities	56,297	163,740	77,635	159,522
Discounting facilities	1,667	59,525	994	65,825
	57,964	223,265	78,629	225,347

The following borrowings are guaranteed as follows (see note 6):

		Thousands of Euros	
Company with the title to debt	Guarantee	2011	2010
Trace Logistics, S.A.	Mortgage guarantee	1,639	3,202
AP Inmobilière	Mortgage guarantee	71	354
SCI La Cerisay	Mortgage guarantee	-	204
		1,710	3,760

Bank loans mature as follows:

	Thousands of Euros	
Maturity	2011	2010
Up to 1 year	123,267	132,055
2 years	53,222	54,538
3 years	41,965	30,568
4 years	27,679	22,892
5 years	19,616	8,435
More than 5 years	6,462	8,682
	272,211	257,170

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

	Thousands of Euros					
	2011			2010		
	Minimum payments	Interests	Present value	Minimum payments	Interests	Present value
Up to 1 year	2,380	554	1,826	2,132	336	1,796
Between 1 and 5 years	8,016	1,424	6,592	7,640	1,198	6,442
More than 5 years	6,456	914	5,542	7,550	542	7,008
	16,852	2,892	13,960	17,322	2,076	15,246

Finance lease liabilities are effectively guaranteed, with rights over leased assets reverting to the lessor in the event of default.

With the exception of a property lease which accrues fixed interest until 2013, the carrying amount of which at 31 December 2011 stands at Euros 7,476 thousand (Euros 8,126 thousand in 2010) and a leasing that accrues affixed interest since maturity the carrying amount of which at 31 December 2011 stands at Euros 727 thousand (Euros 868 thousand in 2010), group loan interest rates are renewed quarterly, six-monthly or yearly.

(Continued)

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 balance sheet are as follows:

	Thousands of Euros	
	2011	2010
Trade payables	61,711	63,313
Other payables	5,165	2,675
Fixed assets suppliers	10,672	1,622
Public entities	10,084	10,196
Current income tax liabiliies	2,470	2,008
Salaries payable	9,513	8,833
	99,615	88,647

In the category Fixed assets suppliers there is an amount of Euros 9,273 thousand that corresponds to the short term contingent quantities derived from the acquisition of the Aqua Group, done the 17 March 2011 (see note 5). This amount is related to fair value financial liabilities with changes in the profit and loss account.

The most significant balances in foreign currencies at 31 December 2011 and 2010 are as follows:

Trade payables:

	Thousands of Euros	
	2011	2010
US Dollar	7,004	3,560
Australian Dollar	5,576	5,101
Pounds Sterling	3,828	3,490
Israeli shekel	1,946	-
Renminbi chino	1,086	1,037
	19,440	13,188

Payables to public entities are as follows:

	Thousands of Euros	
	2011	2010
Taxation authorities		
VAT	3,225	3,326
Withholdings	2,632	2,497
Social Security	3,183	3,594
Others	1,044	779
	10,084	10,196

(Continued)

20. Other non-Current Liabilities

Details of non-current liabilities are as follows:

	Thosands of Euros	
	2011	2010
Financial investment liabilities	3,461	3,998
Liabilities for business acquisitions	36,285	-
Others	394	376
Total	40,140	4,374

In the category financial investment liabilities, there is an amount of Euros 36,285 thousand that corresponds to the long term contingent quantities derived from the acquisition of the Aqua Group, done the 12 March 2011 (see note 5). This amount is in USD dollars.

21. Risk Management

The Group's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk in the fair value and price risk), credit risk, liquidity risk and interest rate risk in cash flows. The Group focuses its risk management on the uncertainty of the financial markets and aims to minimise possible adverse effects on the Group's financial profitability. The Group uses derivatives to hedge certain risks.

The management of market, liquidity, currency and interest rate risk is controlled by the Group's Central Treasury Department in accordance with the policies approved by the Group. This Department identifies, evaluates and covers financial risk, in close collaboration with the Group's operating units.

Credit risk is managed in a decentralised manner by each of the Group's operating units, based on parameters established by Group policies.

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 reduced, as the customer portfolio is highly fragmented and no sales are made to any one customer exceeding 10% of total sales.

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.

Details of the concentration of counterparty credit risk of trade and other receivables at 31 December 2011 and 2010 (see note 13) are as follows:

	2,011	2,010
Not past due	61%	63%
Past due	39%	37%
Less than 120 days	17%	17%
More than 120 days	22%	20%

b) Liquidity risk

The liquidity risk is produced if Fluidra, S.A. doesn't have the possibility of liquid funds disposal or access to them, in the enough quantity and with the appropriate cost, to face up its payment obligations.

The Group manages liquidity risk using prudent criteria, based on maintenance of sufficient cash and negotiable securities, availability of financing using a sufficient amount of committed credit facilities and sufficient capacity to liquidate its market positions. Due to the dynamic character of the underlying businesses, the Group's Treasury Department aims to maintain flexible financing through credit facilities.

The Group's exposure to liquidity risk at 31 December 2011 and 2010 is presented below in the table analysing financial liabilities by contractual maturity date:

	2011					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and borrowings	127,743	55,710	42,947	27,488	18,674	938
Capital	121,441	51,578	40,282	25,939	18,092	919
Interests	6,302	4,132	2,665	1,549	582	19
Finance lease payables	2,380	2,043	2,054	2,081	1,838	6,456
Capital	1,826	1,644	1,684	1,739	1,525	5,542
Interests	554	399	370	342	313	914
Derivative financial liabilities	151	627	686	295	75	489
Trade and other payables	99,615	-	-	-	-	-
Other non-current liabilies	-	-	1,897	-	-	44,561
	229,889	59,945	47,584	29,864	20,587	52,444

	2010					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and borrowings	136,702	59,577	34,761	24,003	8,114	2,918
Capital	130,259	52,749	29,060	21,347	6,836	1,673
Interest	6,443	6,828	4,701	2,656	1,278	1,245
Finance lease payables	2,132	2,124	1,819	1,833	1,863	7,551
Capital	1,796	1,789	1,508	1,545	1,599	7,009
Interest	336	335	311	288	264	542
Derivative financial liabilities	42	20	401	938	13	475
Trade and other payables	88,647	-	-	-	-	-
	227,523	61,721	36,981	26,774	9,990	10,944

(Continued)

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 Australian Dollar. The currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in businesses abroad.

The Group companies enter into forward exchange contracts, negotiated through the Group's Treasury Department, to hedge currency risks on future commercial transactions and recognised assets and liabilities. A currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency other than the Company's functional currency. The Group's Treasury Department is responsible for managing the net position in each foreign currency using external forward contracts.

The Group's risk management policy is to hedge, through natural hedging (offsetting of receivables and payables), the excess or shortfall US Dollar risk using forward derivatives. In the case of Pound Sterling (and the Hungarian forint for yerar 2010), all transactions with the Euro are hedged using forwards. The remaining currencies are not hedged. The Group has various investments in businesses abroad, the net assets of which are exposed to currency risk. Currency risk on net assets from the Group's operations in the United Kingdom, Australia and USA are mainly managed using financing denominated 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.

As a result of the business combination on 17 March 2011, at 31 December 2011 the contingent consideration was denominated in US Dollars and is therefore partially exposed to currency risk. Forward rate and option hedging instruments are used to hedge this risk. In the sensitivity analysis, had the US Dollar strengthened/weakened by 10% against the Shekel, profit would have increased/decreased by Euros 1,376 thousand, without taking into account the effect of the hedging instruments used.

At 31 December 2011 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 320 thousand lower. Had the Euro weakened 10% against the aforementioned currencies, consolidated profit after income tax would have decreased Euros 13 thousand, mainly as a result of translating receivables to foreign currency. The translation differences recognised in income and expenses would have been Euros 4,824 thousand lower had the Euro strengthened by 10%, and Euros 5,938 thousand higher had the Euro weakened by 10%.

At 31 December 2010 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 502 thousand higher. Had the Euro weakened 10% against the aforementioned currencies, consolidated profit after income tax would have decreased Euros 613 thousand, mainly as a result of translating receivables to foreign currency. The translation differences recognised in income and expenses would have been Euros 1,013 thousand lower had the Euro strengthened by 10%, and Euros 5,280 thousand higher 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, all of which are at floating interest rates, expose the Group to cash flow interest rate risks. As can be observed in note 18, the Group's main loans are linked to market floating interest rates which are updated on a quarterly, six-monthly or yearly basis.

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

(Continued)

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 balance sheet 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 base points higher at 31 December 2011, with the other variables remaining constant, consolidated profit before income tax would have been Euros 490 thousand (Euros 437 thousand in 2010) lower or higher, mainly because of a higher or lower finance expense for borrowings at floating 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

This caption of the income statement is as follows:

	Thousands of Euros	
	2011	2010
Raw materials and materials purchased	314,064	296,494
Changes in goods for resale	1,697	(6,326)
Changes in inventories of raw materials	(1,970)	(3,224)
Changes in inventories of finished goods and work in progress	(739)	6,602
Impairment	(1,408)	105
Total	311,644	293,651

23. Services rendered

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

24. Other Income

This caption mainly includes profit on the sale of property, plant and equipment.

25. Personnel Expenses

Details of personnel expenses in 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	2010
Wages and salaries	104,838	94,653
Compensation for termination of employment [(1)]	3,074	543
Social Security	24,719	23,140
Other employee benefits expense	4,532	3,430
	137,163	121,766

(1) This does not include indemnities arising from the process involving the industrial and new commercial model, which amounted to Euros 2,763 thousand in year 2011.

(Continued)

The average headcount in 2011 and 2010, distributed by category, is as follows:

	2011	2010
Management	87	83
Sales, logistics and production	2,962	2,685
Administration and purchasing	588	586
	3,637	3,354

The average headcount with disability higher or equal to 33%during the year ended 31 December 2011 has been 30 employees (no variation respect previous year), the category of 27 of them is "Sales, logistics and production" and the 3 remaining "Administration and purchasing".

The distribution of the Group headcount at the end of the year is as follows:

	2011		2010	
	Males	Females	Males	Females
Directors (including 1 senior executive)	10	-	10	-
Management	85	4	75	6
Sales, logistics and production	2,113	795	2,033	692
Administration and purchasing	291	326	244	315
	2,499	1,125	2,362	1,013

26. Other Operating Expenses

Details are as follows:

	Thousands of Euros	
	2011	2010
Rentals and royalties (note 28)	19,509	18,391
Repairs and maintenance	6,645	6,153
Independent professional services	10,150	8,412
Temporary employment expenses	5,188	6,821
Commission	3,566	3,338
Sales transport	25,308	23,500
Insurance premiums	2,843	2,636
Banking services	1,851	1,666
Marketing and publicity	7,652	6,388
Supplies	9,573	8,950
Communication	2,797	3,020
Travel expenses	9,126	7,502
Other taxes	3,112	2,978
Changes in trade provisions	5,073	5,800
Others (*)	11,152	9,912
	123,545	115,467

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

(Continued)

27. Other Expenses

This caption does not include any amount as of 31 December 2011. In previous year, this caption mainly included indemnities for an amount of Euros 2,313 thousand and other expenses for an amount of Euros 528 thousand relating to the reorganisation of the Group's production capacity and search for distribution synergies. In addition, it includes the stock losses due to Chile's earthquake for an amount of Euros 136 thousand and the expenses associated to the acquisition of Aquatron and Aqua Products for an amount of Euros 200 thousand.

28. 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 non-cancellable minimum payments on operating leases are as follows:

	Thousands of euros	
	2011	2010
Up to 1 year	14,381	13,683
Between 1 and 5 years	22,834	25,470
More than 5 years	6,798	6,986
	44,013	46,139

Operating lease instalments recognised as expenses for the year amount to Euros 19,509 thousand (Euros 18,391 thousand in 2010) (see note 26).

29. Finance Income and Expenses

Details are as follows:

	Thousands of euros	
	2011	2010
Finance income		
Gains on fair value of financial instruments	-	-
Other financial income	5,238	4,224
Total finance income	5,238	4,224
Finance expenses	-	-
Debt interest (leases and loans)	(7,841)	(5,033)
Interest on credit facilities and discounted notes	(5,340)	(4,392)
Other finance expenses	(2,112)	(318)
Losses on fair value of financial instruments	(360)	(91)
Total finance expenses	(15,653)	(9,834)
Exchange differences		
Exchange gains	8,406	8,573
Exchange losses	(11,174)	(7,839)
Total exchange differences	(2,768)	734
Net expense	(13,183)	(4,876)

(Continued)

30. Deferred Tax and Income Tax

During 2011 the Group has filed consolidated tax returns through fove tax subgroups: Fluidra, S.A., Swimco Corp S.L., Fluidra Services France, S.A.S., Fluidra Deutschland GmbH (started in 2011) and U.S. Pool Holdings Inc. (incorporated in 2011), being the Parent of each tax consolidation and responsible for filing the corresponding tax returns with the tax authorities. The societies of each tax subgroup and the tax rate applicable are as follows:

Fluidra, S.A. (30%)

Accent Graphic, S.L.U.
Fluidra Export, S.A.
Astramatic, S.A.U.
ATH, S.L.U.
Cepex, S.A.U.
Fluidra Commercial, S.A.U.
Fluidra España, S.A.U.
Fluidra Industry, S.A.U.
Fluidra Services España, S.L.U.
Industrias Mecánicas Lago, S.A.U.
Inmobiliaria Swim 38, S.L.
Inquide, S.A.U.
Maber Plast, S.L.U.
Metalast, S.A.U.
Poltank, S.A.U.
Pool Supplier, S.L.U.
Sacopa, S.A.U.
Talleres del Agua, S.L.U.
Togama, S.A.U.
Trace Logistics, S.A.U.
Unistral recambios, S.A.U.

Swimco Corp., S.L. (28%)

Manufacturas Gre, S.A.U.
Pisciwellness Domiciliario, S.L.U.
Calderería Plástica del Norte, S.L.

Fluidra Services France, S.A.S. (33,33%)

Astral Piscine, S.A.S.
Blue Water Parts, S.A.S.
Certikin France, S.A.R.L.
Irrigaronne, S.A.S.
Europeene de Couverture Automatique, S.A.R.L.(1)

Fluidra Deutschland, GmbH. (31,85%)

Moderne Wassertechnick AG

U.S. Pool Holdings, Inc. (40%)

Aquaproducts, Inc.

(1) Incorporated in 2011.

The Company and the remaining subsidiaries (except Fluidra Middle East FZE and Certikin Middle East) 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	
	2011	2010	2011	2010	2011	2010
Finance leases	96	121	835	1,023	(739)	(902)
Property, plant and equipment and investment property	701	677	4,588	5,251	(3,887)	(4,574)
Deferred gains	19	19	2,147	2,147	(2,128)	(2,128)
R&D costs	73	114	-	-	73	114
Exchange differences	(166)	-	-	136	(166)	(136)
Customer portfolio	-	-	1,905	3,442	(1,905)	(3,442)
Trademarks	-	-	732	893	(732)	(893)
Patents	10	-	301	662	(291)	(662)
Contractual relationships	-	-	27	57	(27)	(57)
Inventories	2,873	2,115	61	78	2,812	2,037
Provisions	6,135	5,352	1	87	6,134	5,265
Establishment costs	-	9	-	-	-	9
Credit for tac loss carryforwards and deductions	6,664	7,946	-	-	6,664	7,946
Goodwill	-	-	9,409	6,849	(9,409)	(6,849)
Other items	631	345	7,001	8,085	(6,370)	(7,740)
	17,036	16,698	27,007	28,710	(9,971)	(12,012)

(Continued)

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

	Thousands of Euros				
	31.12.2010	Profit and loss	Equity	Other	31.12.2011
Finance leases	(902)	159	-	4	(739)
Property, plant and equipment and investment property	(4,573)	699	-	(13)	(3,887)
Establishment of companies abroad	-	-	-	-	-
Deferred gains	(2,128)	-	-	-	(2,128)
R&D costs	114	(18)	-	(23)	73
Exchange differences	(136)	67	-	(96)	(166)
Customer portfolio	(3,442)	1,534	-	3	(1,905)
Trademarks	(893)	161	-	-	(732)
Patents	(662)	374	-	(3)	(291)
Contractual relationships	(57)	30	-	-	(27)
Inventories	2,036	762	-	14	2,812
Provisions	5,266	(740)	-	250	6,134
Establishment costs	9	(2)	-	(7)	-
Credit for tac loss carryforwards and deductions	7,946	(2,620)	-	1,338	6,664
Goodwill	(6,849)	(1,154)	-	(1,406)	(9,409)
Other items	(7,741)	1,436	81	(148)	(6,370)
Total	(12,012)	687	81	(85)	(9,971)

	Thousands of Euros				
	31.12.2009	Profit and loss	Equity	Other	31.12.2010
Finance leases	(1,173)	255	-	15	(902)
Property, plant and equipment and investment property	(5,609)	1,051	-	(15)	(4,573)
Establishment of companies abroad	(270)	270	-	-	-
Deferred gains	(2,391)	-	-	263	(2,128)
R&D costs	80	24	-	10	114
Exchange differences	(20)	-	-	(116)	(136)
Customer portfolio	(4,906)	1,464	-	-	(3,442)
Trademarks	(999)	106	-	-	(893)
Patents	(1,063)	401	-	-	(662)
Contractual relationships	(70)	13	-	-	(57)
Inventories	1,917	116	-	3	2,036
Provisions	4,504	659	-	103	5,266
Establishment costs	40	(20)	-	(11)	9
Credit for tac loss carryforwards and deductions	9,377	(2,604)	-	1,173	7,946
Goodwill	(6,362)	(428)	-	-	(6,849)
Other items	(5,647)	(1,029)	(39)	(1,026)	(7,741)
Total	(12,592)	279	(39)	340	(12,012)

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

(Continued)

Initially, the shareholders contributing shares in the aforementioned transaction adhered to this tax exemption, therefore transferring the commitment with the taxation authorities for the corresponding deferred tax liability, which amounts to Euros 7,790 thousand, to the Parent. Nevertheless, on 31 March 2006 these shareholders signed a commitment to reimburse the Parent for the total amount of this exemption, which will be required in the event that the associated shares are sold by the Parent or the corresponding tax is directly settled by the contributing shareholders should they sell all or part of the shares received in exchange for this contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax liability and a non-current receivable, both for the aforementioned amount. Should the Company generate a receivable from the contributing shareholders, the amount payable by the contributing shareholders will be set off by future dividends to be distributed by the Company. As a result of the disposal of shares by the shareholders on 31 October 2007 in relation to floating 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, that are included in Other non-current receivables (see note 13).

Items charged and credited directly to consolidated equity for the year relate to available-for-sale financial assets and derivative financial instruments and amount to Euros 81 thousand in 2011 and Euros (39) thousand in 2010.

Remaining deferred tax assets and liabilities recognised and reversed in 2011 and 2010 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 revert in the next 12 months amount to Euros 2,212 thousand and Euros 13,994 thousand, respectively. (Euros 2,957 thousand and Euros 12,989 thousand, respectively, in 2010).

Details of the income tax expense are as follows:

	Thousands of Euros	
	2011	2010
Current tax expense		
Current year	8,050	6,389
Tax credits	(983)	(142)
Prior year adjustments	169	(175)
Provision for taxes	(2,264)	-
Others	91	(35)
Deferred taxes		
Origination and reversal of temporary differences	(687)	(2,778)
Credit for tax loss carryforwards and deductions	-	2,499
Effect of change in the tax rate	23	-
Total income tax expense	4,399	5,758

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

	Thousands of Euros	
	2011	2010
Current tax expense	7,067	6,247
Withholdings and payments on account during the year	(6,286)	(6,447)
Translation differences	78	82
Tax payable 2010	(213)	-
Tax payable 2009	-	(345)
	646	(463)

(Continued)

The relationship between income tax expense and profit on continuing operations is as follows:

	Thousands of Euros	
	2011	2010
Profit before income tax on continuing operations	21,638	23,546
Tax at 30%	6,491	7,064
Effect of application of tax rates in different countries	(554)	(1,001)
Permanent differences	1,176	544
Offset of loss carryforwards not recognised in prior years	(363)	(362)
Difference in prior years' income tax expense	169	(175)
Provision for taxes	(2,264)	-
Tax credits	(255)	(479)
Effect of change in the tax rate	23	-
Others	(24)	167
Income tax expense	4,399	5,758

Deferred tax assets relating to tax loss carryforwards and deductions not recognised in the Group's consolidated financial statements at 31 December 2011 are as follows:

	Thousands of Euros	
	2011	2010
Deductions	3,204	4,320
Tax losses	3,460	3,626
	6,664	7,946

The Group only recognize the deductions and tax losses that consider probably its recuperation. These assets mainly relate to tax loss carryforwards and deductions generated during 2009 as a result of the tax losses of Spanish companies consolidated for tax purposes. Because 2009 was the first year in which this situation arises and based on forecast future profits, the Group recognized the assets associated with these tax loss carryforwards and deductions in its consolidated balance sheet. In year 2011, it has been applied Euro 1,282 thousand of the tax loss carryforwards and deductions recognized last year (Euro 1,431 thousand in previous year).

The reversal amounts and terms of the deductions capitalized at 31 December 2011 are as follows:

Years	Thousands of euros	Final year
2007 - 2010	1,695	2015 - 2025
2011	1,210	2021
2007 - 2011	299	No time limit
	3,204	

The amounts and terms of the reversal of tax loss carryforwards capitalised at 31 December 2011 are as follows:

Years	Thousands of euros	Final year
2007 - 2009	1,886	2022 - 2024
2009	1,574	No time limit
	3,460	

(Continued)

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

	Thousands of Euros	
	2011	2010
Deductions	1,620	1,229
Tax losses	8,241	4,832
	9,861	6,061

Deduction amounts and reversal periods at 31 December 2011 are as follows:

Years	Thousands of euros	Final year
2005-2010	1,208	2015-2025
2011	37	2021
2011	325	2026
2009-2011	50	No time limit
	1,620	

Tax loss carryforward amounts and reversal periods are as follows:

Years	Thousands of euros	Final year
2002-2009	5,158	2011-2029
2010	1,131	2014-2030
2011	17	2015
2011	568	2016
2011	494	2017
2011	94	2018
2011	1,532	2021
2011	3,923	2031
2002-2011	12,421	No time limit for offseting
	25,338	

Exceptionally, Cepex Mexico, S.A. de CV, Fluidra España, S.A.U and Inquide, S.A.U. are being inspected by the taxation authorities as explained in the notes to their annual accounts, although no significant liabilities for the Fluidra Group are expected to arise as a result of these inspections.

The Spanish companies have the following years open to inspection:

Tax	Years open
Income tax	2007 to 2011
VAT	2008 to 2011
Personal income tax	2008 to 2011
Business activities tax	2008 to 2011

(Continued)

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 financial statements taken as a whole.

31. Transactions and Balances with Related Parties

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

	Thousands of Euros			
	31.12.2011		31.12.2010	
	Receivables	Payables	Receivables	Payables
Trade receivables	433	-	602	-
Receivables	106	-	333	-
Suppliers	-	1,156	-	1,115
Trade payables	-	22	-	113
Total corriente	539	1,178	935	1,228

a) Consolidated Group transactions with related parties

Operations in force with related parties are part of the Company's ordinary business and have been carried out under market conditions. 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 Inmobiliere, recognised under costs for services received.

c. Sales to Iberpsa of components and materials produced by the Group for the manufacture of spas.

d. Services rendered by the Group to Iberspa, S.L.

The amounts of consolidated Group transactions with related parties are as follows:

	Thousands of Euros			
	31.12.2011		31.12.2010	
	Associates	Related entities	Associates	Related entities
Sales	565	846	646	970
Income on services	12	241	12	191
Purchases	-	(4,467)	-	(4,630)
Expenses on services and others	(1,057)	(4,051)	(1,013)	(3,944)

(Continued)

b) Information on Parent 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	
	31.12.2011	31.12.2010
Total key management personnel	1,676	1,660
Total Parent directors	1,249	1,255

The members of the Company's board of directors have received a total of Euros 919 thousand in 2011 (Euros 917 thousand in 2010), respectively, from the consolidated companies in which they are directors. In addition, they have received a total of Euros 330 thousand for executive functions in 2011 (Euros 338 thousand in 2010). They have also received amounts for travel expenses totalling Euros 64 thousand (Euros 93 thousand in 2010).

The Company has a pension commitment with a senior executive consisting of complementary income in the event of permanent disability whilst employed by the Company. This commitment has been externalised through a life insurance policy, for which the Company has recognised an expense of Euros 4 thousand during 2011 (Euros 4 thousand in 2010).

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

In addition, on 2 June 2010 a stock incentive plan was approved targeted at the Chief Executive Offer and at certain Company executives. The first and second cycle of this Plan were started on 15 July 2010 and 15 July 2011, respectively. At 31 December 2011 the amount recognised for this concept amounted to Euros 150 thousand (Euros 50 thousand at 31 December 2010) (see note 33).

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

The directors of the Parent have not carried out any transactions outside ordinary trading or on a non-arm's length basis with the Company or with Group companies during 2011 and 2010.

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

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

32. Environmental Information

The most significant systems, equipment and installations included as property, plant and equipment at 31 December 2011 and 2010, the purpose of which is to minimise the environmental impact and protect and improve the environment, are as follows:

	2011		
	Thousands of Euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,378	(1,957)	1,421
Energy saving	134	(25)	109
Emissions reduction	571	(315)	256
Contamination reduction	488	(326)	162
	4,571	(2,623)	1,948

(Continued)

	2010		
	Thousands of Euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	5,176	(1,935)	3,241
Energy saving	663	(16)	647
Emissions reduction	571	(257)	314
Contamination reduction	488	(276)	212
	6,898	(2,484)	4,414

Expenses incurred to protect and improve the environment during 2011 and 2010 have been as follows:

	Thousands of Euros	
Description of expenses	2011	2010
External services	48	16
Environmental protection	227	235
Ordinary expenses	-	1

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 2011 and 2010.

During the years ended 31 December 2011 and 2010 no environmental grants have been received.

33. Other Commitments and Contingencies

At 31 December 2011 and 2010 the Group had mortgaged various assets to secure a bank loan, the capital pending repayment of which amounted to Euros 1,710 thousand at 31 December 2011 (Euros 3,760 thousand at 31 December 2010) see note 18.

At 31 December 2011, the Group has guarantees with banks and other entities amounting to Euros 3,094 thousand (Euros 3,299 thousand in 2010).

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. and SSA Fluidra Osterreich GmbH are carried as liabilities at 31 December 2011 for Euros 1,855 and 450 thousand respectively (Euros 1,801 and 444 thousand respectively at 31 December 2010).

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

The plan is implemented through two instruments:

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.

(Continued)

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

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

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

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

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

At 31 December 2011 the best estimate of the whole Plan amounts to approximately Euros 1,100 thousand. The fair value of the first and second cycle granted at 15 July 2010 and 15 July 2011 amounts to Euros 660 thousand, Euros 150 thousand of which are recognised in the profit and loss account for 2011 (Euros 50 thousand recognised in 2010).

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

The audit company KPMG Auditores, S.L. of the Group annual accounts has invoiced net fees for professional services during the years ended 31 December 2011 and 2010, as follows:

	Thousands of euros	
	31.12.2011	31.12.2010
For audit services	522	571
For other services of accounting verification	11	6
For other services	-	-
Total	533	577

The amounts detailed in the above table include the total professional service fees for years 2011 and 2010, irrespective of the date of invoice.

Other societies of the KPMG Europe, LLP Group have invoiced the Group net fees for professional services during the years ended 31 December 2011 and 2010, as follows:

	Thousands of euros	
	31.12.2011	31.12.2010
For audit services	69	70
For other services of accounting verification	4	3
For other services	48	80
Total	120	153

(Continued)

On the other hand, other affiliated entities to KPMG international have invoiced the Group net fees for professional services during the years ended 31 December 2011 and 2010, as follows:

	Thousands of euros	
	31.12.2011	31.12.2010
For audit services	211	201
For other services of accounting verification	3	8
For tax consulting services	17	-
For other services	1	86
Total	232	295

Furthermore, other auditors different from KPMG have invoiced the Group net fees for professional services during the years ended 31 December 2011 and 2010, as follows:

	Thousands of euros	
	31.12.2011	31.12.2010
For audit services	237	97
For other services of accounting verification	132	-
For tax consulting services	102	-
For other services	21	21
Total	492	118

35. Late payments to suppliers

In accordance with the ruling issued by the Spanish Accounting and Auditing Institute (ICAC) on 29 December 2010, and because 2010 is the first year of adoption of Law 15/2010 of 5 July 2010 which establishes measures to combat payment default on trade transactions, the Group was under the obligation to exclusively provide information relating to balances payable to suppliers at 31 December 2010 which exceed the legal payment term. Consequently, comparative information is not presented in relation to this new obligation with the same level of detail as the information for 2011 and the consolidated annual accounts for 2011 are classified as opening annual accounts for the sole purpose of the principle of uniformity and the comparability requirement in relation to the new disclosures for this year, as detailed below.

Information on late payments to suppliers is as follows:

	Payments made and payable at the reporting date	
	2011	
	Amount (thousands of Euros)	%
Within maximum legal payment term	138,724	55.4%
Rest	111,877	44.6%
Total payments for the year	250,601	100.0%
DPO exceeded (days)	27	
Late payments for which the maximum legal payment term has been exceeded at the reporting date	5,591	

From the balances payable at 31 December 2011 relating to suppliers and trade payables included under current liabilities, payments deferred by more than 85 days amount to Euros 4,939 thousand.

(Continued)

36. EBITDA

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

Sales of goods and finished goods + Services rendered (see note 23) + Work performed by the Group and capitalised – Changes in inventories of finished goods and work in progress and raw materials used – Personnel expenses – Other operating expenses + Share of profit/loss of equity accounted investees.

Calculation of EBITDA for 2011 and 2010	Thousands of Euros	
	31.12.2011	31.12.2010
Sale of goods for resale and finished goods	624,040	581,245
Services rendered	11,024	11,487
Work performed by the Group and capitalised	4,666	3,012
Changes in inventories of finished googs, work in progress and raw material supplies	(311,644)	(293,651)
Personnel expenses	(134,400)	(121,766)
Other operating expenses	(123,545)	(115,467)
Share of profit/(loss) of equity accounted investees	31	76
EBITDA	70,172	64,936

37. Subsequent events

No subsequent events have taken place.

(Continued)

Fluidra, S.A. and Subsidiaries

Consolidated Directors' Report

2011

General business performance

The Fluidra Group ended 2011 with growth of 7.4%, due to the acquisition of the Aqua Group (4.2%) and organic growth (3.2%). Organic growth by quarter was as follows: up 9.0% in the first quarter, up 6.3% in the second quarter, down 5.6% in the third quarter and returning to positive growth of 2.3% in the final quarter to end the year. As a result, growth has been particularly uneven during the year. The Group started the year strongly, with organic growth of 7.3% during the first six months, but the weather conditions in Europe during the third quarter and the global economic situation led to moderate growth at year end. The last quarter of the year was influenced by growth of 11.7% on the prior year. The various geographical areas have also contributed, in varying degrees, to this uneven quarterly organic growth: despite efforts to diversify, the economic situation led to a drop of 7.4% in sales in Spain. Slight growth of 3.2% was recorded in the rest of Southern Europe, however Eastern Europe and Rest of the World reported double-digit growth of 22.1% and 13.8%, respectively. Other Central European markets and Asia & Australia grew by 7.4% and 7.8%, respectively. These figures reflect the Group's key strategy of growth abroad, with European markets gradually losing importance with regard to sales. The exchange rate between the Euro and other currencies has had an adverse effect; if this effect were excluded, growth would have stood at 3.3%.

As regards organic growth of the business units, Pool grew slightly below global growth (2.3%) , whilst Applied Fluid Handling and Irrigation reported above-average increases of 8.1% and 12.6%, respectively. Water Treatment remained stable at 1.4%, following the loss of a domestic segment geared to the Spanish market and a recovery of industrial markets in various geographical markets.

In 2011 Aqua contributed particularly positively to sales, presenting the following performance by quarter: 3.1% in the first quarter, despite figures only reflecting one month, 5.1% in the second quarter, 3.3% in the third quarter and 4.7% in the last quarter.

This sales increase had a direct effect on results, with EBITDA rising from Euros 64.9 million at 31 December 2010 to Euros 70.2 million at 31 December 2011.

This 8.1% rise in EBITDA, exceeding the 7.4% increase in sales, derives from two main causes:

The contribution of Aqua represents Euros 6.1 million in EBITDA and EBITDA as a percentage of sales of 25.0%. This EBITDA margin is the result of the inclusion of value-added products as well as integration of the profit and manufacture margins.

The organic portion of EBITDA fell slightly in absolute values by Euros 64.1 million, as a result of:

a) 0.5% decline in gross margin as a percentage of sales, due to the above-average increase in applied fluid handling and irrigation sales, which require a greater proportion of products manufactured by third parties and, consequently, a lower consolidated margin. The rise in raw materials which could not be fully passed on to our customers has also had an adverse effect.

b) Slight relative increase in percentage of operating expenses net of operations (sum of personnel expenses and other operating expenses net of revenue from the rendering of services and work carried out on own assets, prior to variations in trade provisions), as a result of the containment of expense increases during the third and final quarters of the year (up 0.7% and 2.4%, respectively).

In absolute values, of the Euros 20.3 million increase in operating expenses net of operations, Euros 12.9 million relate to the contribution of Aqua, Euros 2.4 million reflects variable expenses related to sales, and production expenses from these sales fell by Euros 1 million. As a result, excluding the effect of these expenses, this item increased by Euros 5.9 million, up 2.7% on the prior year, mostly as a result of expansion into emerging markets and the efforts to diversify applied fluid handling and irrigation products.

The finance expense rose from Euros 4.9 million in 2010 to Euros 13.2 million, as a result of the financing to purchase the Aqua Group (Euros 2.4 million), the negative impact of exchange differences (Euros 3.5 million), as well as the increase in average financial debt (4.5% vs. 3.3%), which were partially offset by the decrease in average financial debts during the period (excluding the acquisition of Aqua).

Net profit attributable to the Parent slipped slightly by Euros 0.9 million, including the positive contribution of Euros 0.9 million from Aqua.

As regards the Group's consolidated balance sheet, net working capital rose by 0.5%, if the effect of the acquisition of Aqua (Euros 18.0 million) is excluded. This increase was more moderate than the rise in sales, and working capital fell from 31.6% to 30.7% of sales. Inventories performed positively, falling by 0.1%, whilst receivables and payables increased by 1.9%. Investments stood at Euros 21.4 million, reflecting our ongoing R&D efforts (Euros 3.7 million) and investment in the Group's production plants (Euros 9.5 million) and distribution network (Euros 5.4 million).

Net financial debt rose by Euros 26.6 million, comprising the newly acquired debt of the Aqua Group (Euros 9.4 million) and the payments already made for the purchase of Aqua (Euros 31.9 million).

The Group's headcount grew by 245 employees to average 3,611 at 31 December 2011, of which 69% were male and 31% were female.

Fluidra's ongoing commitment to the environment is reflected in the optimisation of the natural resources used 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 on related party transactions is disclosed in section 18 Related Party Transactions within the half-yearly financial report sent to the Spanish Securities Market Commission.

Overview of risk policy

The Group focuses its risk management on the uncertainty of the financial markets (exchange rates and interest rates) and aims to minimise possible adverse effects on the Group's financial profitability.

The Group operates internationally and is therefore exposed to currency risk when operating in foreign currencies, especially the US Dollar (USD), Pound Sterling (GBP), Australian Dollar (AUD) and Israeli Shekel (NIS).

Thousands of Euros	Sales	Purchases
USD	23,693	46,190
AUD	38,176	18,007
GBP	33,770	18,664

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 Pounds Sterling and Australian Dollars, all transactions with the Euro and US Dollar, respectively, are hedged using forwards.

The Group manages interest rate risk in its cash flows using floating-to-fixed barrier swaps with fixed rates of between 1.65% and 6.40% and barriers at an interval ranging from 2.85% to 6.75%. At the closing date approximately 60% of loans and borrowings are hedged or contracted at fixed rates.

The Group is not exposed to significant credit risk and prudently manages liquidity risk, with the central treasury department ensuring that the Group's financing is sufficiently flexible to meet the needs of the business.

Treasury shares

During 2011 the Company has carried out several purchase transactions (666,147 shares) involving treasury shares and sales transactions (418,661 shares). At year end the Company held 2,852,328 treasury shares, representing 2.53% of its share capital and with a total cost of Euros 8,368 thousand.

Research, development and technological innovation

Investments in research, development and technological innovation amounted to Euros 3,973 thousand during 2011.

Events after the balance sheet date

No events after the balance sheet date have taken place.

(Continued)

ENGLISH VERSION FOR INFORMATION PURPOSES ONLY

A. OWNERSHIP STRUCTURE

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

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

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

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

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights.*	% over the total voting rights
BOYSER S. L	15.905.405	0	14,122
Bernat Corbera Bros	99.213	15.204.914	13,588
EDREM S.L	15.204.914	0	13,500
DISPUR S.L	13.719.238	0	12,181
ANIOL S.L	11.330.658	0	10,060
Robert Garrigós Ruiz	0	11.330.658	10,060
CARTERA INDUSTRIAL REA S.A.	5.000.000	0	4,439
AVIVA INTERNATIONAL HOLDING LIMITED (AHL)	0	3.386.650	3,007
ALBERT COSTAFREDA JO	0	3.477.399	3,087

*Through :

Name of the indirect shareholder	Name or corporate name of the direct shareholder	Number of direct voting rights	% over the total voting rights
BERNAT CORBERA BROS	EDREM S.L	15.204.914	13,500
ROBERT GARRIGOS RUIZ	ANIOL S.L	11.330.658	10,060

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

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

Name or corporate name of the director	Number of direct voting rights	Number of indirect voting rights *	% over the total voting rights
Juan Planes Vila	10.000	13.719.238	12,190
Eloy Planes Corts	66.121	0	0,059
Bansabadell Inversió Desenvolupment, S.A. represented by Mr. Carlos Ventura Santamans	10.891.053	0	9,670
Bernat Corbera Serra	202.243	0	0,180
Grupo Corporativo Empresarial de la Caja de Ahorros y M.Piedad de Navarra	9.009.064	0	7,999
Bernat Garrigós Castro	23.254	0	0,021
Richard J. Cathcart	32.950	0	0.029

Through*:

Name or corporate name of the direct shareholder	Trought of: Name or corporate name of the direct shareholder	Number of direct voting rights	% over the total voting rights
DON JUAN PLANES VILA	DISPUR, SL	13.719.238	12,181

% of total voting rights held by the Board of Directors	30,147

Complete the following tables regarding the members of the company Board of Directors who own rights over company shares:

Name or corporate name of the director	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	Total % of voting rights
ELOY PLANES CORTS	66.121	0	66.121	0.059

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

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

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

N/A

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

YES

Intervening parties in the shareholders' agreement	% of capital affected	Brief description of the agreement

BANSABADELL INVERSIÓ DESENVOLUPAMENT S.A.U., ANIOL S.L., EDREM S.L., DISPUR S.L., BOYSER S.L.	59,467	In 2007, the shareholders listed below signed a shareholders agreement whose purpose was to regulate voting rights over the 4 years from the time Fluidra shares were listed on the market on 31 October 2007. It likewise sought to regulate the restrictions on the transfer of syndicated shares, which were excluded from the agreement given that they were legally subject to resolutions to be adopted by the AGM. On 1 December 2010, the abovementioned shareholders passed a resolution whereby the term of the agreement was extended to 1 December 2015.

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

YES NO X

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

At the close of the financial year:

Number of directly owned shares	Number of indirectly owned shares	Total % of share capital
2.852.328	0	2,5325

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

Date of comunication	Total number of directly owned shares	Total number of indirectly owned shares	Total % over share capital
30/03/2011	666.147	0	0,5915

Plusvalua / Minusvalía= -138.8

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

Plusvalua / Minusvalía=-3

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

At the Annual General Meeting held on 8nd June 2011, the resolution authorising the Company to carry out the derivative acquisition of own shares, directly or through group companies, was unanimously approved with the express power to reduce share capital in order to redeem own shares, delegating to the Board of Directors necessary the powers for the implementation of the resolutions adopted by the General Meeting regarding this matter (leaving the previous authorisation ineffective) and authorisation to (if applicable) apply the portfolio of own shares to cover the execution or coverage of payment systems.

During the meeting of the Board of Directors held on 27th April 2011, the Board decided to empower the Managing Director to acquire treasury stock up to a limit of 4% of the share capital.

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

NO

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

NO

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

[X] YES [ ] NO

Description of the legal restrictions on the purchase or transfer of shares in the share capital
Under the provisions of Article 81.2 of the Stock Market Act, any Liable Individuals that are party to any kind of Privileged Information, "may not prepare or perform, directly or indirectly, whether in person or through third parties, any kind of transaction on the Company's Negotiable Securities and Financial Instruments". Liable Individuals may not purchase or sell Negotiable Securities or Financial Instruments while the restriction periods are in force, that is: In the fifteen days prior to the estimated date of publication of the quarterly, six-monthly and annual forecast statements that the Company is obliged to submit to the Spanish Securities Commission and the Governing Bodies of the Stock Exchange, and until its general publication. From the time that any information is made available until its general publication about proposals on the distribution of dividends, capital increases or decreases, of the issue of the Company's convertible securities.

From the time any other Relevant Information is made available until it is officially released or becomes public knowledge.

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

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

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

YES ☐ NO ☒

B.- COMPANY MANAGEMENT STRUCTURE

B.1. Board of Directors

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

Maximum number of directors	15
Minimum number of directors	5

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

Name or company name of the director	Representative	Position on the Board	Date of first appoint ment	Date of last appoint ment	Election procedure
Mr Juan Planes Vila		Chairman	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Eloy Planes Corts		CEO and Member	31.10.06	08.06.11	Unanimous decision at General Shareholders Meeting.
Mr Bernat Garrigós Castro		Deputy Secretary	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Oscar Serra Duffo		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Bernat Corbera Serra		Member	03.10.02	5.9.07	Unanimous decision at General Shareholders Meeting.
Bansabadell Inversio Desenvolupament, SA	Mr Carles Ventura Santamans	Member	07.01.03	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Richard Cathcart		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Kam Son Leong		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Mr Juan Ignacio Acha-Orbea Echeverría		Member	5.9.07	5.9.07	Unanimous decision at General Shareholders Meeting.
Grupo Corp. Emp. de la Caja de ahorros y Mont Piedad de Navarra	Mr. Eduardo Milagro López	Member	24.06.09	24.06.09	Unanimous decision at General Shareholders Meeting.

Total number of Board Members	10

Specify the resignations tendered from the Board of Directors over the last year:

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

EXECUTIVE DIRECTORS

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

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

EXTERNAL DIRECTORS REPRESENTING CONTROLLING SHAREHOLDERS

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

Grupo Corp. Emp. de la Caja de ahorros y Monte de Piedad de Navarra	N/A	Grupo Corp. Emp. de la Caja de ahorros y Monte de Piedad de Navarra

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

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of the director	**Profile**
Mr Richard J. Cathcart	Born in Washington (USA) on 28 September 1944. He became a pilot with an engineering degree in the United States Air Force. From 1975 to 1995, he held a number of management positions in Honeywell Inc. In 1996 he was appointed manager head of Pentair Water Businesses (Minneapolis, USA), within the company Pentair. From 2005 to 2007, he held the post of deputy chairman of the Board of Directors of Pentair (Minneapolis, USA), where he handled international operations and business development. In September 2007, Mr. Cathcart was appointed to the Board of Directors of Watts Water Technology where he continues to serve.
Mr Kam Son Leong	Born in Selangor (Malaysia), on 27 January 1955. Graduated with Master Degree in mechanical engineering from Iowa State University in the United States. In the year 2000 he was appointed president of Asia/ Pacific of York International Corp., a Fortune 500 company listed at the NYSE. He performed said post until end 2004, handling the strategies of finance, business development and execution of business plan..

	From 2005, he joined J. W. Childs, a private equity company headquartered in Boston. He is a also board member in the following companies: Vast Lava, Pro-Logic, HL Partners, Deluxe International, and Chairman of Henan ADD Electric Power Equipment, LTD.
Mr Juan Ignacio Acha-Orbea Echeverría	Born in San Sebastián on 1 July 1956. He graduated in Economic Sciences from the Universidad Complutense of Madrid and earned a Masters in Business Administration from IESE Business School. From 1982 until 1986 he was the Manager of the company Chemical Bank, in Madrid and in New York. From 1986 until 1989, he carried out the post of Director of Variable Income and Investment Funds for the entity Bankinter. From 1989 until 2003 he was General Manager and Chairman of BBVA Bolsa, S.V. From 2003 until 2006 he formed part, as independent director, of the Board of Directors of the listed company TPI Páginas Amarillas. Furthermore, in the year 2003, he was appointed Chairman of the company Equity Contraste Uno, post which he continues to exercise at present.

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

OTHER EXTERNAL DIRECTORS:

NONE

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

Not applicable

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

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

YES [ ] NO [X]

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

YES [ ] NO [X]

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

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

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

NAME OF THE DIRECTOR: ELOY PLANES CORTS

Company	Position
Astral Nigeria, Ltd.	Director
Astral Italia, S.P.A.	Sole Director
Astral Bazenove Prislusentsvi, S.R.O.	Joint and Severally Director
Astral India Private, Limited	Director
Fluidra Singapore, Pte Ltd.	Director
Certikin International, Limited	Director
AP Inmobiliere	Sole Director
Aquaproducts. Inc	Chairman
Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi	Director
Zao Astral, SNG	Director
Fluidra Polska, S.A.	Director
Fluidra Magyarorszàg Kft.	Joint and Severally Director
Fluidra USA	Director
Fluidra Chile, Sociedad Anónima Cerrada	Director
Fluidra Deutschland Gmbh	Joint and Severally Director
Fluidra Hellas	Director
Fluidra Balkans JSC	Director
Moderne Wassertechnick AG (MTH)	Director
Catpool, S.A. de C.V.	Director
Astral Pool UK, Limited	Director
Fluidra Tr Sv Ve Havuz Ekipmanlari	Director
Fluidra Industry, S.A.U.	Representative of director
Fluidra Commercial, S.A.U.	Representative of director
Inmobiliaria Swim 38, S.L.U.	Representative of director
Swimco Corp, S.L.	Representative of director
Fluidra Cyprus, Ltd	Director
Inquide Italia, SRL	Director
Cepex, S.R.L.	Director
Astral Pool Australia PTY LTD	Director

Company	Position
Certikin Italia, Spa	Director
Astral Pool Thailand, Co., Ltd	Joint and Severally Director
Fluidra Thailand, Co., Ltd	Joint and Severally Director
Fluidra South Africa, Pty, Ltd	Joint and Severally Director
Fluidra Malaysia	Director
Astral Pool Switzerland	Power of Attorney
Certikin Portugal S.A.	Director
Fluidra Danmark A/S	Director
Fluidra Indonesia P.T.	Director
Fluidra Adriatic	Director & Chairman
Po Leg & Teknik A/S	Director
Psi Pool services Israel LTD	Director & Chairman
US. Pool Holdings. INC	Director & Chairman

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

N/A

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

YES [ ] NO [X]

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

	YES	NO
Investment and financing policies* unless they correspond to the General Shareholders' Meeting	x	
The definition of the group's corporate structure	x	
Corporate governance policies	x	
Policies on corporate liability	x	
The strategic or business plan, management goals and annual expenditure	x	
Policies on remuneration and the assessment of the performance of senior management	x	

Policies on risk management, the regular monitoring of internal information and control systems	x	
Policies on dividends and treasury stock, with particular regard to the thresholds of such	x	

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

In the company that is the subject of this report:

Remuneration category	Figures in thousands of euros
Fixed remuneration	1,053
Variable remuneration	118
Travelling expenses	78
Statutory business	0
Sock options and/or other financial instruments	0
Other	0
TOTAL:	1,249

Other benefits	Figures in thousands of euros
Advances	0
Loans granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: obligations incurred	0
Life insurance premiums	4
Guarantees provided by the company to the directors	0

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

Remuneration category	Figures in thousands of euros

ENGLISH VERSION FOR INFORMATION PURPOSES ONLY

Fixed remuneration	0
Variable remuneration	0
Travelling expenses	0
Statutory business	0
Sock options and/or other financial instruments	0
Other	0
TOTAL:	0

Other benefits	Figures in thousands of euros
Advances	0
Loans granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: obligations incurred	0
Life insurance premiums	0
Guarantees provided by the company to the directors	0

c) Total remuneration by category of director:

Category of director	By company	By group
Executive	425	0
External directors representing controlling shareholders	547	0
External Independent	277	0
Other External	0	0
Total	1.249	0

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

Total remuneration for directors (in thousands of euros)	1.249
Total remuneration for directors/profits derived from the parent company (expressed in %)	8,8

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

Name or company name	**Post**
Mr Jaume Carol Pañach	General Manager for Operations
Mr Javier Tintoré Segura	General Manager
Mr Pere Ballart Hernández	Business Unit Manager
Mr Amadeo Serra Solana	Business Unit Manager
Mr Carles Franquesa Castrillo	Business Unit Manager

Mr Ignacio Elburgo Aramberri	Business Unit Manager

Total remuneration for senior management (in thousands of euros)	1.346

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

Number of beneficiaries	7

	Board of Directors	General Meeting
Body that approves the clauses	YES	NO

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

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

Process for establishing the remuneration of the members of the Board of Directors and the related clauses in the articles of association
Article 44 of the Articles of Association establishes that the remuneration of the members of the Board will consist of a specific annual emolument and a fee for attending the meetings of the Board of Directors and of its delegate and consulting committees. The maximum amount the Company may pay in remunerations to the Board members as a whole for the two items shall be determined by the General Shareholders Meeting. This amount may not be modified unless approved by the latter. The exact amount to be paid within this limit, its distribution to the various Board members and the payment schedule shall be set by the Board of Directors as it deems fit. The amount to be paid to the individual Board members shall be based on their actual professional performance. In addition to the remuneration set out in the above section, systems are to be put in place whereby remunerations are either linked to Company's share price or the various Directors are given shares or share purchase options. The application of these remuneration systems must be approved by the General Shareholders Meeting, which, if applicable, shall determine the value of the shares that are to be taken as a reference, the number of shares to be given to each Board member, the strike price,

the length of time this remuneration system is to be in place and other conditions it may deem fit.

The remunerations described in the above sections that apply to the Board members shall be compatible with other professional fees and earnings to which they are entitled for any other executive or consultancy duties they may perform for the Company other than those of a supervisory and decision-making nature that are inherent to their status as Board members, which shall be subject to the legal framework that applies.

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

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

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

YES [x] NO [ ]

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

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

Yes x No ▯

Matters dealt with in the report on the remuneration policy
General principles of the remuneration policy
General principles of the remuneration policy for Board Members
Remuneration system for Executive Directors
Remuneration system for Non-executive Directors

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

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

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

Name or company name of the Board member	**Company name of the significant shareholder**	**Post**
MR JUAN PLANES VILA	DISPUR, S.L.	CHAIRMAN OF THE BOARD
MR ELOY PLANES CORTS	DISPUR, S.L.	MEMBER
MR ELOY PLANES CORTS	ESTAM-HARITZ, S.L.U.	LEGAL REPRESENTATIVE OF THE DIRECTOR (DISPUR)
BANSABADELL INVERSIÓ I DESENVOLUPAMENT, S.A. (Mr.	BANSABADELL INVERSIÓ I DESENVOLUPAMENT, S.A.	POWER OF ATTORNEY

Carles Ventura)		
MR BERNAT CORBERA SERRA	EDREM, S.L.	CEO
MR OSCAR SERRA DUFFO	BOYSER, S.L.	CHAIRMAN OF THE BOARD
MR BERNAT GARRIGÓS CASTRO	ANIOL, S.L.	CHAIRMAN OF THE BOARD
GRUPO CORP. EMP. DE LA CAJA DE AHORROS Y M.P. DE NAVARRA (Mr. Eduardo Milagro López)	GRUPO CORP. EMP. DE LA CAJA DE AHORROS Y M. P. DE NAVARRA	RESPONSIBLE OF CORPORATE BUSINESS ANALYSIS

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

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

Yes

Amendment of the following articles of the Board Regultions: Article 1st (Origin and purpose), Article 5th (General function of the board), Article 12th (Delegates bodies of the board), Article 13th (Audit Committee. Composition, competence and function scope), Article 14th (Appointments and Remuneration Committee. Composition, competence and function scope), Article 15th (Meetings of Board of Directors), Article 16th (performance of the meetings), Article 17th (Appointment of Directors), Article 25o (Directors' remuneration), Article 28th (Non competition commitment), Article 29th (Conflict of Interest), Article 33rd (indirect operations), Article 34th (Director's duties of information) and Article 36th (website) in order to:

a) Adjust the articles to the amendments introduced by (i) the Consolidated text of the Spanish Capital Companies Act, approved by Royal Legislative Decree 1/2010 on July 2, (ii) and by the Spanish Law 12/2010 approved on June 30, amending Financial Audit Law 19/1988 approved on July 12; Listed Company Market Law 24/1988 approved on July 28; and the Consolidated text of the Corporations Law approved by the Royal Decree 1564/1989 on December 22, in order to adjust the text to the UE Community regulations, and (iii) by the Sustainable Economy Law 2/2011, approved on March 4;

b) Introduce certain technical improvements, and

c) Remove both, the requirement that the Chairmen of the Nomination and Remuneration Committee and Audit Committee must necessarily be independent directors, as well as the maximum manadate as Chairman of the Nomination and Remuneration Committee.

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

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

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

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

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

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

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

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

<u>Appointment of Directors:</u>

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

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

<u>Re-election of Directors:</u>

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

Assessment of Directors:

Pursuant to the provisions set out in Article 14 of the Board Regulations, the Nomination and Remuneration Committee will assess the competence scope, knowledge and experience required in the Board and shall, therefore determine the roles and capabilities required of the candidates to fill each vacant and shall assess the necessary time and dedication for them to perform their duties.

Removal of Directors:

- Article 21.1 of the Board's Regulations sets out that directors shall step down from their posts when the period for which they were appointed has terminated, or when the General Meeting so decides should it exercise its legal or statutory powers. This is in accordance with the terms and conditions set out in Article 223 of the Capital Companies Act.

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

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

a) When they step down from the posts as executives that were related to their appointment as directors.

b) When involved in any legally established circumstances of incompatibility or prohibition.

c) When seriously warned by the Board of Directors due to having infringed their obligations as directors.

d) When their permanence on the Board might endanger or prejudice the interests, credit or reputation of the company or when the reasons for which they were appointed disappear (for example, when a external director representing controlling shareholders disposes of their participation in the company);

e) In the case of independent directors, they may not remain as such for a continuous period of more than twelve years, and therefore once such period has elapsed, they must place their post at the disposal of the Board of Directors and formalise the corresponding resignation.

f) In the case of external directors representing controlling shareholders; (i) when the shareholder they represent sells in full their shareholding stake, and furthermore (ii) in the number which corresponds, when such shareholder reduces their shareholding stake to a level which requires a reduction in the number of external directors representing controlling shareholders.

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

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

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

Yes No X

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

Yes X No

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

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

Yes X No

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

Description of the resolution

The amendment of Board Regulation requires for its validly, an agreement passed by a majority of 2/3 of the Directors present or duly represented.

Quorum

Most of their members 60%

Type of majority

Absolute majority of those attending to the meeting, except in cases where the Act, the By-laws or the Board Regulation sets for a different specific quorum. In case of a tie vote, the Chairman has a diriment vote.

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

Yes No **X**

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

Yes **X** No

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

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

Yes No **X**

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

Yes X No

Maximum number of years of term of office	12

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

Explanation of the reasons and initiatives
There is no sex discrimination. All Directors were appointed through opportunity criteria among nominee Directors and appointment has been done according to their Resum and among Independent Directors.

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

Yes X No

State the main procedures
In the Election and Appointment of Independent Directors Criteria, Fluidra passed by the Board of Directors, states that the company will consider the sex diversity before the election and appointment of Directors in order to ensure the Equal Opportunities, as set out by the Equality Act (March 22, 2007). Likewise, Fluidra shall ensure, among all members of the Board of Directors, not only sex diversity, but also geographical, age and experience diversity.

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

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

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

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

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

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

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

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

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

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

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

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

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

Number of non-attendances by directors during the financial year	2
% non-attendance out of total votes during the financial year	37,140

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

YES NO X

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

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

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

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

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

Appointment and severance procedure
Article 5.1 of the Regulations of the Board of Directors establishes that it will be the remit of the Board to appoint and renew the positions on it. Pursuant to Article 10 of the Regulations of the Board of Directors and in order to safeguard independence, impartiality and professionalism of the Secretary, his appointment and severance will be reported by the Appointments and Remuneration Committee and approved by the plenary meeting of the Board. The current Secretary to the Board was appointed by the meeting of the Board of Directors held on September 17th 2007 at the same time as the Remunerations and Appointments Committeen was created. His curriculum vitae, which proves his objectivity and professionalism, are included in the Information Prospectus of the Public Offer for the Sale of Shares by Fluidra, S.A. on October 11th 2007.

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

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

YES X NO

Remarks

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

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

To ensure the independence of the auditor:

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

Propose the appointment of the financial auditors or audit firms, as set out in article 204 of the Public Limited Companies Act, to the Board of Directors for submission to the General Shareholders Meeting, as well as their conditions of hire, the scope of their professional mandate and, as appropriate, the revocation or renewal of their contracts.

Deal directly with the financial auditors or audit firms so that any information received on matters that may jeopardise the independence of the latter may be tackled. It must likewise deal with all matters related to the account auditing process, any notices that have to be issued under the provisions in the legislation on account auditing and ensure compliance to auditing standards.

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

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

Receive regular information from the financial auditors or audit firms on the audit plan and the results of its execution, and verify that senior management takes its recommendations into account.

Ensure the independence of the financial auditors or audit firms and, therefore, (i) it will be responsible for the Company reporting a change of auditor to the Spanish Securities Commission (CNMV) as a relevant fact and for backing up such reports with a statement on disagreements, if any, that have arisen with the outgoing auditor and their nature; (ii) it will ensure that the Company and auditor abide by the regulations in force on the provision of services other than auditing and, in general, that they abide by all other regulations established to ensure the independence of auditors; and (iii) in the event of an external auditor resigning, it must examine the circumstances behind the resignation.

Ensure that the auditor takes full liability for the audits of each company in the group in the case of group audits.

The Audit Committee shall receive annually from the financial auditors or audit firms a confirmation in writing of its independence with respect to the entity or entities directly or indirectly related to financial auditors, as well as the information of any additional services provided to these entities by the financial auditors or audit firms, or persons or entities related with them pursuant to the provisions of Financial Audit Law 19/1988 approved on 12 July.

The Audit Committee shall issue annually and prior to issuance of the audit report, an additional report stating an opinion about the independence of financial auditors or audit firms. This report shall, in any case, state about the rendering of additional services referred to above.

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

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

The Company does not have a credit rating and, therefore, does not have a relationship with credit rating agencies.

The independence of financial analysts is safeguarded through the Manager for Investor Relations, whose specific remit is to deal with investors in an objective, fair and non-discriminatory way.

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

Personalised customer services for analysts and investors.

Publication of information relative to the quarterly results, relevant facts and other notices.

Publication of press releases.

E-mail on the website (investor_relations@fluidra.com) and a shareholders' helpline (+34902026039).

List of presentations either made in person or over the phone.

Visits to the Company's facilities.

All of the above information is available on the Company's website (www.fluidra.com).

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

NO

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

	COMPANY	GROUP	TOTAL
Amounts for work other than auditing (thousands of euros) * includes fees for Market listing	50	33	83
Amount for work other than auditing/total amount billed by the auditing firm in %	23,090	5,710	10,450

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

YES NO X

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

	Company	Group
Number of uninterrupted years	8	10

	Company	Group
Number of years audited by the current auditing firm/number of years the company has been audited (%)	100,0	100,0

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

Name or company name of Director	Name of the subject company	% share	Post or duties

Mr Juan Planes Vila	Dispur, S.L.	51,340%	PRESIDENT
Mr Eloy Planes Corts	Dispur, S.L.	10%	DIRECTOR

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

YES X NO

Details about the procedure
Pursuant to Article 24 of the Regulations of the Board of Directors, all the directors, in order to be aided in exercise of their duties, may obtain the necessary advice from the Company to perform their duties. To that end, the Company will provide the adequate channels that, under special circumstances, may include external advice at the Company's expense. In any case, the commission must necessarily concern the specific problems that are of a certain nature and complexity that arise in the performance of duties. The decision to hire must be reported to the Chairman of the Company and may be vetoed by the Board of Directors if the following is accredited: That it is not necessary for the full performance of the duties with which the external directors are entrusted. That its cost is not reasonable with regard to the importance of the problem and the assets and revenue of the company. That the professional advice obtained may be adequately dealt with by experts and technicians in the Company.

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

YES X NO

Details about the procedure
Article 23 of the Regulations of the Board of Directors establishes the following mechanism: 1. Directors may request information on any matter for which the Board is responsible and to

this end may examine the books, records, documents and other documentation. The right to information includes investees, whenever this is possible. 2. The request for information must be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board and the appropriate contact at the Company. 3. The Secretary will advise the director of the confidential nature of the information requested and received and of his duty to maintain confidentiality under the terms in the Regulations of the Board. 4. The Chairman may refuse to provide information if he considers (i) that it is not necessary for the full performance of the duties with which the director is entrusted or (ii) that its cost is not reasonable in view of the importance of the problem and the assets and revenue of the Company.

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

YES X NO

Explain the rules
Article 26 of the Regulations of the Board of Directors establishes, among other obligations of directors, that they must notify the Appointments and Remuneration Committee of their other professional obligations, in case they interfere with the dedication required. Article 28 of the same Regulations establishes that directors may not be involved as self-employee or hired by third parties, within the same, similar or complementary scope of corporate activity, nor hold as administrators or executives of companies that compete with the Company, with the exception of the posts they might hold, if applicable, in companies belonging to the Group, except upon express authorisation from the General Shareholders' Meeting, notwithstanding what is provided in articles 227 to 229 of the Spanish Capital Companies Act. Article 34.2 of the same Regulations establishes the obligation of directors to inform the Company of posts held on the Board of Directors of other listed companies and, in general, of facts, circumstances or situations that may be relevant to their management activities. Likewise, all directors must inform the Company in cases in which they may damage the credibility and reputation of the company and, in particular, they must inform the Board of criminal cases in which they are charged as accused, as well as the subsequent result of such proceedings. Lastly, that same article establishes that, in the event of a director being prosecuted, or a court order being handed down to take trial proceedings against him for any of the offences stated under Article 213 of Spanish Capital Companies Act, the Board shall examine the case as soon as possible and, depending on the specific circumstances, will decide whether or not it is appropriate for the director to remain in office.

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

YES NO X

B.2. Board of Directors Committees

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

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
Mr Eloy Planes Corts	Chairman	Executive director
Mr Oscar Serra Duffo	Member	Nominee Director
Mr Bernat Corbera Serra	Member	Nominee Director
Bansabadell Inversió Desenvolupament, S.A.U.	Member	Nominee Director
Mr Juan Ignacio Acha-Orbea Echeverría	Member	Independent Director
Mr Bernat Garrigós Castro	Secretary member	Nominee Director

AUDIT COMMITTEE

Name	Position	Type
Bansabadell Inversió Desenvolupament, S.A.U.	Chairman	Nominee Director
Mr Juan Planes Vila	Member	Nominee Director
Mr Juan Ignacio Acha-Orbea Echeverría	Secretary - Member	Independent director

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Mr Kam Son Leong	Chairman	Independent director
Mr Richard J. Cathcart	Member	Independent director
Mr Bernat Garrigós Castro	Secretary - Member	Nominee Director

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

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

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

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

Delegate Committee:

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

Audit Committee:

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

Without prejudice to any other functions assigned by the Board of Directors, the Audit Committee shall have the following basic functions:

Inform the General Meetings regarding any questions raised at it that fall within its competency.

Propose the appointment of auditors or audit companies in conformity with article 264 of the Spanish Corporations Law as well as the contract conditions, the scope of the mandate and, as the case may be, the revocation or cancellation of the mandate.

Supervise the efficacy of the internal control of the Company, and in particular the Internal Control of the Financial Information the internal audit, if appropriate, and the risk management systems, and discuss with the auditors or audit companies the significant weaknesses of the internal control system detected during the audit.

Supervise the process for preparation and presentation of the regulated financial information.

Review the accounts of the Company; oversee compliance with legal requirements and the correct application of generally accepted accounting principles with the direct collaboration of internal and external auditors.

Maintain and supervise the relationships with auditors or audit companies to receive information on those matters that could jeopardize their independence, for their examination by the Committee, and any others related to the process of the audit of accounts, and those other notices contemplated by audit legislation and auditing standards.

Oversee the performance of the contract with external auditors assuring that the auditor's opinion on the financial statements and the main content of the audit report are drawn up clearly and precisely, evaluating the results of the each audit performed.

Examine compliance with the internal code of conduct, with these Regulations and, in general, with the rules are of good corporate governance of the company and make any proposals as may be appropriate for the improvement thereof.

Receive information and, when appropriate, issue reports on the disciplinary measures to be imposed on the members of the senior management team of the Company.

Similarly, the Audit Committee shall be responsible for:

With regards to IT systems and internal control:

(a) Supervise the preparation and integrity of the financial reporting process of the Company and, as the case may be, of the corporate group, assuring compliance with regulatory requirements and the appropriate establishment of the scope of consolidation and the correct application of accounting criteria.

(b) Periodically review the internal control and risk management systems to assure that the primary risks are identified, managed, and appropriately informed

(c) Assure the independence and efficiency of the internal audit function; propose the selection, appointment, re-election, and dismissal of the internal audit department manager; receive periodic information on their activities and verify that senior management takes into account the conclusions and recommendations contained in the reports.

(d) Establish and supervise a mechanism that allows employees to confidentially and anonymously notify them of any relevant anomaly or irregularity that they may notice, with special attention to finance and accounting.

With regard to the auditor or audit company:

(a) Propose to the Board of Directors the selection, appointment, re-election and substitution of the auditor or audit company as well as on the contract conditions.

(b) Regularly receive information from the auditor or audit company on the audit plan and the results of its implementation and verify that senior management is taking their recommendations into account.

(c) Assure the independence of the auditor or audit company and, for this purpose:: (i) assure that the Company notifies the CNMV of any change in the auditor as a relevant event, accompanying the notification with a report on any existing disagreements with the former auditor and the content thereof; (ii) that the Company and the auditor respect the applicable rules on the provision of services other than auditing and, in general, any other rules established to assure the independence of auditors; and (iii) in the event of the resignation of the auditor or audit company, investigate the reasons.

The Audit Committee shall receive annually from the auditors or audit companies written confirmation of their independence vis-à-vis the directly or indirectly related company or companies and information on the additional services of any kind provided to such companies by such auditors or companies, or by their related persons or entities pursuant to Law 19/1988, of July 12, Audit Law.

In addition, the Audit Committee shall issue each year, prior to the issuance of an audit report, a report issuing an opinion on the independence of the auditors or audit comapnies. Such report shall always contain an opinion on the provision of the additional services contemplated in the above paragraph.

(d) In the case of groups, promote that the group auditor assumed responsibility for the auditing of all companies within the group.

With regard to risk policies and management:

(a) Identify the different types of risk (operating, technological, financial, legal, image) faced by the Company including risks arising from contingent liabilities and other off-balance-sheet risks.

(b) Identify the acceptable level of risk established for the Company.

(c) Identify the measures established for the mitigation of identified risks.

(d) Identify the information and internal control systems to be used for managing and controlling identified risks, including contingent liabilities and off-balance-sheet risks.

With regard to the obligations of publicly-traded companies:

Provide information to the Board of Directors so that it may adopt appropriate decisions regarding:

(a) The financial information that the Company, as a publicly traded company, must periodically release. The Audit Committee must assure that interim financial statements apply the same accounting criteria as to the annual financial statements and, to this end, consider the appropriateness of a limited review by the auditor or audit committee.

(b) The creation or acquisition of an equity interest in special-purpose vehicles or entities domiciled in countries or territories considered as tax havens, and any other transaction or operation of a similar nature which due to its complexity could lessen the transparency of the group.

(c) Operations with affiliates, unless this function has been assigned to a different supervision and control committee.

(d) Transactions which may imply a conflict of interest.

Appointments and Remuneration Committee:

An Appointments and Remuneration Committee has also been set up within the Board of Directors. It is made up of a minimum of three external directors, the majority of whom are independent and who are appointed by the Board of Directors.

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

Prepare and review the criteria to be followed in establishing the composition of the management team of the Company and its subsidiaries and for the selection of candidates.

Evaluate the competencies, knowledge and experience needed by the Board and define the functions and skills needed by candidates to fill each vacancy, evaluating the time and dedication needed for the proper performance of the function.

Inform and propose to the Board of Directors all appointments and dismissals of senior management and executives as proposed by the chief executive officer for the approval of the Board of Directors.

Inform the Board of Directors on matters relating to gender diversity and the qualifications of directors pursuant to article 6.2 of these Regulations.

Propose to the Board of Directors: (i) the remuneration policy for directors and senior management; (ii) the individual remuneration of the executive directors and other conditions of their contracts; (iii) hiring policies and basic conditions of the senior management employment contracts of the Company.

Examine and appropriately organise the succession of the Chairman and First Executive and, when appropriate, advise the Board in order to assure that such successions occur in an organised and planned manner.

Assure that the established remuneration policy is observed by the Company and the transparency of all remuneration.

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

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

Committee Name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief Description

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

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

On April 27th, 2011 it was partially amended article 14 of the Board of Directors Regulations regarding the Appointments and remuneration Committee.

Committee Name

DELEGATE COMMITTEE

Brief Description

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

On April 27th, 2011 it was partially amended article 12.5 of the Board of Directors Regulations regarding the Appointments and remuneration Committee.

Committee Name

AUDIT COMMITTEE

Brief Description

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

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

On April 27th, 2011 it was partially amended article of the Board of Directors Regulations regarding the Appointments and remuneration Audit Committee.Likewise, on June 8th 2011, it was amended article 46 of the Articles of Association with respect to the Audit Committee

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

Yes.

C. TRANSFER PRICING

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

√□ Yes □ No

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

Name or	Name or	Nature of the	Type of	Amount

company name of the significant shareholder	company name of the company or organisation in the group	relationship	transaction	(thousands of Euros)
BOYSER, S.L.	ASTRAL PISCINE SAS	Commercial, Boyser together with Dispur, Edrem and Aniol through Iberspa	Sale of tangible, intangible and other assets	684
BOYSER, S.L.	EUROPEENNE DE COUVERTURE AUTOMATIQUE E.C.A., S.A.R.L.	Contractual, Boyser together with Dispur, Edrem and Aniol through Stick Inmobiliere	Leases	625
BOYSER, S.L.	FLUIDRA ESPAÑA, SAU	Commercial, Boyser together with Dispur, Edrem and Aniol through Iberspa, SL	Purchase of goods (finished or in progress)	1,270
BOYSER, S.L.	METALAST, SAU	Contractual, Boyser together with Dispur, Edrem and Aniol through Constralsa	Leases	828

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

Name or company name of the administrators or directors	Name or company name of the company or organisation in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
BANC SABADELL INVERSIO I DESENVOLUPAMENT, S.L	Fluidra S.A.	Remuneration	Other expenses	98
BERNAT CORBERA SERRA	Fluidra S.A.	Remuneration	Other expenses	90
BERNAT GARRIGOS CASTRO	Fluidra S.A.	Remuneration	Other expenses	88

ELOY PLANES CORTS	Fluidra S.A	Remuneration	Other expenses	426
GRUPO CORPORATIVO EMPRESARIAL DE CAJA DE AHORROS Y M DE PIEDAD DE NAVARRA	Fluidra S.A.	Remuneration	Other expenses	68
JUAN IGNACIO ACHA-ORBEA ECHEVERRIA	Fluidra S.A.	Remuneration	Other expenses	100
JUAN PLANES VILA	Fluidra S.A.	Remuneration	Other expenses	114
KAM SON LEONG	Fluidra S.A.	Remuneration	Other expenses	88
OSCAR SERRA DUFFO	Fluidra S.A.	Remuneration	Other expenses	90
RICHARD J CATHCART	Fluidra S.A.	Remuneration	Other expenses	90

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

C.5 State, if applicable, any circumstances in which company directors were involved that may constitute a conflict of interest, pursuant to the provisions of Article 127.3 of the Limited Companies Act.

□ Yes √□ No

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

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

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

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

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

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

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

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

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

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

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

The Company or any of the companies that belong to the Fluidra Group.

The suppliers or major customers of the Company or any of the companies that belong to the Fluidra Group.

Organisations that are devoted to the same line of business or that are competitors of the Company or any of the companies that belong to the Fluidra Group.

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

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

(i) They are directors or senior managers.

They have a significant shareholding (the latter being understood, in the case of listed companies on any official secondary market in Spain or abroad, as that defined in article 53 of the LMV (Stock Exchange Act) and any other legislation that may apply, and in the case of unlisted Spanish or foreign companies, any direct or indirect holding over and above twenty per cent of the equity issued).

They have a family tie to the second degree of affinity or to the third degree by blood with the directors, significant shareholders or senior managers.

They have a relevant contractual relationship, either directly or indirectly.

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

YES NO X

D. RISK CONTROL SYSTEMS

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

The Company updated a risk assessment that had been conducted to identify and assess the group's business risks in view of its activity and the current climate, as well as the controls associated with these risks. The risk assessment took into consideration strategic, financial, operational and unforeseeable risks. Following the assessment, the main business risks were identified and were prioritised based on the probability that they would occur and on the impact or effect that they could have on the company. The controls on risk that the Company has in place were also identified. They were classified based on their level of effectiveness and those that had to be strengthened were identified in order to improve the risk profile. As a result of this assessment, the risk map was updated and the assessment placed particular emphasis on the risks classified as high and/or those which were subject to weak controls.

Additionally, the critical risks identified in the last update of the risk map were analysed in depth in terms of the recommendations and action plans suggested in previous reviews, as well as in terms of their status.

A scheduled was agreed on with Senior Management to continue working on the project during the 2012 and 2013 business years, and to update the risk map for 2012. In line with this schedule, work continued on the assessment of the internal information and control systems used to monitor and manage the risks identified, the measures anticipated to mitigate their impact should they materialise in order to ensure an acceptable level of risk and identify off-balance sheet contingent liabilities and/or risks.

Furthermore, the Company worked on the implementation of the recommendations of the diagnosis reached during the first four-month period of 2011 on Financial Information Control Systems, based on the new regulations and recommendations of the Spanish Securities Commission.

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

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

□ Yes √□ No

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

Risk materialised in the financial year	Circumstances that gave rise to it	Operation of the control systems
-	-	-

D.3 State whether there is any committee or other governing body responsible for establishing and monitoring these control devices:

Yes

If affirmative, detail what their duties are.

Name of the committee or body:

Audit Committee

Description of duties:

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

Related to risk policies and management:

Identifying the various types of risk (operational, technological, financial, legal, reputational) that the Company faces, including contingent liabilities and other off-balance sheet risks.

Identifying the set level of risk that the Company considers acceptable.

Identifying the measures foreseen to mitigate the impact of the risks identified should they actually arise.

Identifying the information and internal control systems that monitor and manage these risks, including contingent liabilities and off-balance sheet risks.

Related to the obligations of a listed company:

Giving the Board prior notice that it should adopt the corresponding decision on transfer pricing operations and any transactions that involve or may involve a conflict of interest.

Description of functions

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

In relation to policy and risk management

- To identify the various types of risk (operational, technological, financial, legal, reputational) that the Company faces, including contingent liabilities and other off-balance sheet risks in the case of financial and economic risks.
- To identify the level of risk the Company considers acceptable.
- To identify the measures anticipated to reduce the impact of the risks identified should they occur.
- To identify the internal information and control systems that will be used to monitor and manage these risks, including off-balance sheet contingent liabilities and risks.

In relation to the obligations inherent to the Company

To inform the Board of Directors, prior to it adopting the corresponding decisions on:

- Periodic financial information released for public records. The Committee must ensure that the interim annual accounts are drawn up following the same accounting criteria as the annual accounts and decide whether a limited review is required by the auditor or auditing firm of the accounts.
- The creation or acquisition of entities or transactions or operations conducted in tax havens that may undermine the transparency of the group.
- Transfer pricing operations, unless the task of drawing up a preliminary report has been assigned to a committee other than the Follow-Up and Control Committees.
- Any operations that involve or may involve conflicts of interest.

Name of the committee or body:

Body Responsible for the Fulfilment of Regulations

Description of duties:

Fulfilment of regulations on obligations as a listed company

Management of risks derived from the listing

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

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

E . GENERAL SHAREHOLDERS MEETING

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

YES x NO

	Difference in % of the quorum compared to Art. 102 of the LSA for general budget meetings	Difference in % of the quorum compared to Art. 103 of the LAS for special budget meetings

Quorum required for the 1st call	N/A	N/A
Quorum required for the 2nd call	N/A	N/A

Description of differences
NOT APPLICABLE

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

YES X NO

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

N/A

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

N/A

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

X YES NO

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

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

Amendment of the Preamble and articles 4th (types of Shareholders Meetings), 5th (Competence scope of the General Meeting), 6th (Notice of General Meeting), 7th (Notice of call), 8th (Provision of information from the date of the call on the Company website), 9th (Right to information prior to the holding of the General Meeting), 12th (Proxys), 13th (Public proxy request), 15th (Setting up of the General Meeting. Special events), 22nd (Right to information during the holding of the General Meeting), 25th (Voting on the proposed resolutions) and 27th (Minutes of General Meeting) of the Regulations of the General Shareholders Meetingof for its accomodation to the new text of the Articles of Association and its adjustment to the amendments (i)the Consolidated text of the Spanish Capital Companies Act, approved by Royal Legislative Decree 1/2010 on July 2, and (ii) by the Spanish Law 12/2010 approved on June 30, amending Financial Audit Law 19/1988 approved on July 12; Stock Market Law 24/1988 approved on July 28; and the Consolidated text of the Corporations Law approved by the Royal Decree 1564/1989 on December 22, in order to adjust the text to the UE Community regulations and to introduce certain technical improvements. Revocation of the current General Shareholder's Meeting Regulation and approval of a new text of such Regulation.

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

Date of General Meeting	Attendance figures				
	% physically present	% by proxy	% Distance voting		Total
			Electronic votes	Other	
8.06.2011	0,134	79,827	0,000	0,000	79,961

N/A

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

One:	Review and approval, if required, of the annual accounts and the management report, both of the Company and its consolidated group of companies, corresponding to the tax year ended at 31 December 2010. (99,9989%)
Two:	Application of the results of year ended at 31 December 2010. (99,9989%)
Three:	Distribution of dividends against voluntary reserves. (99,9993%)
Four:	Review and approval, if required, of the Board of Director's management over the 2010 business year. (99,9987%)
Five:	Re-election of the accounts auditor, both of the Company and its consolidated group of companies. (99,9989%)
Six:	Putting the remuneration of the directors in the annual report to a vote of confidence at the AGM. (95,8246%)
Seven	Re-election of directors (99,3952%)
Eight:	Amendment of articles 8 (Shareholder status. Inherent rights to this status); 10 (Usufruct of shares); 11 (Pledge of shares); 14 (Share capital calls); 18 (Capital decrease); 20 (Convertible and exchangeable securities); 24 (Types of AGM); 25 (Calls for AGMs); 27 (Incorporation); 29 (Attending AGMs by proxy); 30 (Right to information); 33 (Deliberation and adoption of resolutions); 34 (AGM minutes); 37 (Term of posts). Director's statutes); 42 (Meeting proceedings); 46 (Audit Committee. Members, powers and functions); 48 (Corporate website); 51 (Annual accounts); 52 (Contents of the annual accounts); 56 (Filing of the annual accounts); 57 (Appropriation of annual results); 58 (Amounts on account of dividends); 29 (Dissolution clauses); 60 (Liquidation); and 61 (Prohibitions and conflict of interest). These articles are to be adapted to the amendments made by (i) the consolidated text of the Capital Companies Act, passed by Royal Legislative Decree 1/2010, of 2 July; and (ii) by Act 12/2010, of 30 June, which amended Act 19/1988, of 12 July, on Account Auditing, Act 24/1988, of 28 July, on the Securities Market, and the consolidated text of the Public Limited Companies Act, passed by Royal Legislative Decree 1564/1989, of 22 December. These acts were amended to adapt to EU regulations, and to introduce certain technical improvements. The current Articles of Association were withdrawn and their new wording in full passed. (99,9989%)
Nine	Amendment to the Preamble and to Articles 4 (Types of AGM); 5 (Powers of the AGM); 6 (Calls for AGMs); 7 (Notice of calls); 8 (Availability of information from the date of calls on the corporate website); 9 (Right to information prior to the AGM being held); 12 (Proxies); 13 (Public applications for proxies); 15 (Members of the AGM. Special cases); 22

(Right to information while the AGM is being held); 25 (Votes on proposed resolutions); and 27 (AGM minutes) of the AGM Regulations so that it can be adapted to the amendments made to (i) the consolidated text of the Capital Companies Act, passed by Royal Legislative Decree 1/2010, of 2 July; (ii) by Act 12/2010, of 30 June, which amended Act 19/1988, of 12 July, on Account Auditing, Act 24/1988, of 28 July, on the Securities Market; and the consolidated text of the Public Limited Companies Act, passed by Royal Legislative Decree 1564/1989, of 22 December. These acts were amended to adapt to EU regulations, and to introduce certain technical improvements. The current Articles of Association were withdrawn and their new wording in full passed. (99,9989%)

Ten: Authorisation for the Company to proceed with the buyback of its treasury stock, directly or through companies in the group, as well as through their disposal, and with the express powers to decrease the share capital to amortise treasury stock, for which the Board of Directors is granted the powers required to execute the resolutions adopted by the AGM on this matter, which renders the previous authorisation void and grants authorisation, if applicable, to use the portfolio of treasury stock in the execution or hedge of compensation plans. (95,8933%)

Eleven Granting of powers of attorney to enter into, interpret, amend and execute the agreements adopted by the AGM. (99,9993%)

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

No

E.10 Describe and justify the policies followed by the Company with regard to voting by proxy at the General Shareholders' Meeting.

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

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

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

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

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

Negative reply

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

www.fluidra.com

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

F DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations given in the unified code of good governance.

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

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

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

Complies x Explain □

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

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

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

See epigraphs: C.4 and C.7

Complies □ Complies partially □ Explain □ Not applicable x

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

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

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

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

Complies x Complies partially □ Explain □

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

Complies x Explain □

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

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

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

See epigraph: E.8

Complies x Complies partially □ Explain □

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

See epigraph: E.4

Complies x Explain □

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

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

Complies x Complies partially □ Explain □

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

The company's general strategies and policies, in particular:

i) The strategic or business plan, as well as management targets and annual budgets;

The investment and finance policy;

The definition of the structure of the group of companies;

The corporate governance policy;

The corporate liability policy;

The salary policy and appraisal of senior management performance;

The risk management and control policy, as well as the regular monitoring of internal information and control systems.

The dividend policy, as well as the treasury stock policy and, in particular, its limits.

See epigraphs: B.1.10, B.1.13, B.1.14 and D.3

The following decisions:

On the proposal of the company's chief executive, the appointment and removal of senior managers, as well as their severance clauses.

See epigraph: B.1.14.

The salaries for the members of the board, as well as, in the case of executives, the additional payment for their executive functions and other conditions to be observed in their contracts.

See epigraph: B.1.14.

The financial information which, due to its status as a listed company, it has to publish on a regular basis.

The investments or transactions of all kinds which, owing to their high amount or special characteristics, are of a strategic nature, unless their approval corresponds to the General Shareholders Meeting;

The creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered as tax havens, as well as whatsoever other similar transaction or operation which, owing to its complexity, could undermine the group's transparency.

The transactions completed by the company with members of the board, important shareholders or shareholders represented on the board or with related individuals ("related transactions").

However, this authorisation by the board should not be considered necessary for the related transactions that meet the following three conditions:

1. They are carried out by virtue of contracts whose terms and conditions are standardised and applied generally to many clients;

2. They are carried out at prices or rates generally established by the person acting as the supplier of the good or service in question;

3. Their amount does not exceed 1% of the company's annual revenue.

It is recommended that the board should approve the related transactions after a favourable report has been issued by the Audit Committee or, where applicable, any other party to which that function has been commissioned; and, besides not exercising or delegating their right to vote, the members of the board who are affected should leave the meeting room while the board deliberates and votes on the matter.

It is recommended that it should not be possible to delegate the powers attributed to the board here, except for those mentioned in paragraphs b) and c), which may be adopted in emergencies by the Delegate Commission and subsequently ratified by the board in its plenary session.

See epigraphs: C.1 and C.6

Complies x Complies partially ☐ Explain ☐

9. The board should have the necessary size for effective, participatory operation, which means that it should not have fewer than five or more than fifteen members.

See epigraph: B.1.1

Complies x Explain ☐

10. The external directors representing controlling shareholders and independent directors should represent a broad majority of the Board and the number of executive directors should be the required minimum, taking into account the complexity of the corporate group and the percentage of interest of the executive directors in the company's capital.

See epigraphs: A.2, A.3, B.1.3 and B.1.14.

Complies x Complies partially ☐ Explain ☐

11. If there is an external director who cannot be considered as either an external director representing controlling shareholders or an independent director, the company should explain the said circumstance and his association either with the company or its managers, as well as with its shareholders.

See epigraph: B.1.3

Complies x Explain ☐ Not applicable ☐

12. Among the external directors, the ratio between the number of external directors representing controlling shareholders and the independent directors should reflect the proportion between the company's share capital represented by the external directors representing controlling shareholders and the rest of the share capital.

This criterion of strict proportionality could be reduced as the weight of the external directors representing controlling shareholders is greater than that which would correspond to the total percentage of the share capital they represent:

> **1. In companies with a high level of capitalisation, when the shares that are legally considered as significant are zero or low-level, but where shareholders exist, with blocks of shares of high absolute value.**
>
> **2. When it is a question of companies in which there is a plurality of shareholders represented on the Board who are not related between them.**

See epigraphs: B.1.3 , A.2 and A.3

Complies x Explain □

13 The number of independent directors should represent at least one third of the total number of directors.

See epigraph: B.1.3

Complies Explain x

Board is composed of 10 members out of which 3 are independent board members.

14. The nature of each director must be explained by the Board before the General Shareholders Meeting that is to carry out or ratify his appointment, which should be confirmed or reviewed annually, as appropriate, in the annual report on corporate governance, with prior confirmation by the Appointments Committee. The said report should also explain the reasons why external directors representing controlling shareholders have been appointed at the request of shareholders whose holding is less than 5% of the share capital; and reasons should be given for the rejection, where applicable, of formal requests for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose request external directors representing controlling shareholders have been appointed.

See epigraphs: B.1.3 and B.1.4

Complies x Complies partially □ Explain □

15. When the number of female directors is zero or almost zero, the board should explain the reasons and the initiatives adopted to correct the said situation; in particular, the Appointments Committee should ensure that, when new vacancies arise:

The selection process does not involve implicit bias that prevents the selection of female directors

The company should deliberately look for and include among potential candidates women that comply with the professional profile being sought.

See epigraphs: B.1.2, B.1.27 and B.2.3.

Complies x Complies partially Explain □ Not applicable □

16. As the person responsible for the effective operation of the Board, the Chairman should ensure that the directors receive sufficient information beforehand; stimulate debate and the active participation of the directors during the board's sessions, safeguarding his free

standpoint and opinion; and organise and coordinate with the chairmen of the relevant commissions the regular assessment of the board, as well as that of the CEO or chief executive, where applicable.

See epigraph: B.1 42

Complies x Complies partially ☐ Explain ☐

17. When the Chairman of the Board is also the company's chief executive, one of the independent directors should be empowered to request the call to meeting of the Board or the inclusion of new matters on the agenda; coordinate and echo the concerns of the external directors; and direct the Board's assessment of its Chairman.

See epigraph: B.1.21

Complies ☐ Complies partially ☐ Explain ☐ Not applicable x

18. The Secretary of the Board should make sure, in particular, that the board's actions:

a) **Comply with the content and spirit of legislation and the corresponding regulations, including those adopted by the regulating bodies;**
b) **Comply with the company's articles of association and with the regulations of the General Shareholders Meeting, the Board and other company regulations;**
c) **Take into account the recommendations on good governance laid down in the unified code accepted by the company.**

And, in order to safeguard the Secretary's independence, impartiality and professionalism, his appointment and removal must be reported by the Appointments Committee and approved by the Board in its plenary session; and the said appointment and dismissal procedure must be laid down in the Board regulations.

See epigraph: B.1.34

Complies x Complies partially ☐ Explain ☐

19. The board should meet as regularly as necessary to carry out its functions effectively, following the schedule of dates and business laid down at the beginning of the year, where each director may propose other business for the agenda not considered initially.

See epigraph: B.1.29

Complies x Complies partially ☐ Explain ☐

20. The non-attendance of the directors should be reduced to essential cases and quantified in the annual corporate governance report. And if representation is essential, it must be designated with instructions.

See epigraphs: B.1.28 and B.1.30

Complies x Complies partially ☐ Explain ☐

21. When the directors or the Secretary express concern for any proposal or, in the case of the directors, for the company's progress and the said concern is not resolved by the board, it should be recorded in the minutes of the meeting at the request of the person expressing the said concern.

Complies x Complies partially □ Explain □ Not applicable □

22. In its plenary session, the board should assess the following once a year:

The quality and efficiency of the board's operations;

Based on the report issued by the Appointments Committee, the functions carried out by the Chairman of the Board and the company's chief executive;

The running of its Committees, based on the reports they issue.

See epigraph: B.1.19

Complies x Complies partially □ Explain □

23. All the directors should be able to exercise the right to compile any additional information they consider necessary on business that falls within the remit of the Board. And, unless the articles of association or the regulations of the board lay down otherwise, they should address their requirement to the chairman or secretary of the board.

See epigraph: B.1.42

Complies x Explain □

24. All the directors have the right to obtain the advice they need for the fulfilment of their functions from the company. The company should lay down the appropriate ways of exercising this right, which, under special circumstances, could include external advisory services on the company's account.

See epigraph: B.1.41

Complies x Explain □

25. The company should establish a guidance programme to provide new directors with rapid and sufficient knowledge of the company, as well as its rules on corporate governance. They should also offer directors programmes for updating their knowledge when circumstances so recommend.

Complies x Complies partially □ Explain □

26. The company should require the directors to devote the time and effort necessary for carrying out their function effectively and, consequently:

The directors should report to the Appointments Committee on their other other professional duties in case they interfere with the required devotion;

The companies should lay down rules on the number of boards on which their directors can sit.

See epigraphs: B.1.8, B.1.9 and B.1.17

Complies Complies partially □ Explain x

The number of Board of Directors on which the directors can sit, has not been ruled.

27.The proposal for the appointment or re-election of directors raised by the Board to the General Shareholders Meeting, as well as their provisional appointment by co-optation, should be approved by the board:

At the proposal of the Appointments Committee, in the case of independent directors.

After a report issued by the Appointments Committee, in the case of the other directors.

See epigraph: B.1.2

Complies x Complies partially □ Explain □

28. The companies should publish the following information about their directors on their website and keep the said information up-to-date:

a) Professional and biographical profile

b) Other boards on which they sit, whether the companies are listed or not;

c) Indication of the category of director to which they belong, where applicable, indicating, in the case of the external directors representing controlling shareholders, the shareholder they represent or with whom they are related.

d) Date of their first appointment as a director of the company, as well as of the subsequent appointments; and

e) The shares they own in the company and the stock options over the said shares.

x Complies □ Explain

29. The independent directors should not remain as such for a continued term of more than 12 years.

See epigraph: B.1.2

Complies x Explain □

30. The external directors representing controlling shareholders should present their resignation when the shareholder they represent sells all his shares in the company. They should also present their resignation, in the corresponding number, when the said shareholder lowers his shares in the company to a level that requires a reduction in the number of his external directors representing controlling shareholders.

See epigraphs: A.2, A.3 and B.1.2

Complies x Complies partially □ Explain □

31. The Board of Directors should not propose the removal of any independent director before the fulfilment of the statutory term for which he has been appointed, except when there is just cause, understood as such by the Board after a report issued by the Appointments Committee. In particular, just cause shall be understood as applicable when the director is in breach of the duties inherent to his post or has entered into any of the circumstances laid down in epigraph 5 of section III on definitions in this code.

The removal of independent directors resulting from takeover bids, mergers or other similar corporate transactions that represent a change to the company's share capital structure could be proposed when the said changes to the structure of the board are brought about by the criterion of proportionality indicated in Recommendation 12.

See epigraphs: B.1.2, B.1.5 and B.1.26

Complies x Explain □

32. The company should establish rules that oblige the directors to report and, where applicable, resign in cases that can damage the company's reputation and credit and, in particular, oblige them to inform the board of the criminal cases in which they appear as an accused party, as well as their subsequent procedural events.

If a director is tried or a sentence is issued against him for the commencement of a hearing for any of the crimes laid down in article 124 of the Spanish Public Limited Companies Act, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not it is fitting for the director to continue in his post. And, the Board should give a reasoned account of all the events in the Annual Corporate Governance report.

See epigraphs: B.1.43, B.1.44

Complies x Complies partially □ Explain □

33. All the directors should clearly express their opposition when they consider that any proposed decision submitted to the Board may be contrary to the company's interests. And this should apply especially to the independent directors and other directors not affected by the potential conflict of interest in the case of decisions that may damage the shareholders not represented on the Board.

When the Board adopts significant or reiterated decisions on which the director has formulated serious reservations, the said director should draw the corresponding conclusions and, if he decides to resign, explain the reasons in the letter referred to in the following recommendation.

The scope of this recommendation also includes the Secretary of the Board, even though he does not have the status of director.

Complies x Complies partially □ Explain □ Not applicable □

34. When, either due to resignation or any other reason, a director abandons his post before the end of his mandate, he should explain the reasons in a letter sent to all the members of the Board. And, without prejudice to the said resignation being notified as a relevant event,

the reason for the resignation should be accounted for in the Annual Corporate Governance report.

See epigraph: B.1.5

Complies ☐ Complies partially Explain ☐ Not applicable ☐ X

35. According to internal standards, there is no obligation to include the reason for the resignation in the Annual Report.

The salary policy approved by the Board should indicate at least the following:

The amount of the fixed components, with a breakdown, where applicable, of the expenses for participation in the board and its commissions and an estimate of the annual fixed salary resulting therefrom;

Variable salary concepts, including, in particular:

i) Classes of directors to which they are applied, as well as an explanation of the relative importance of the variable salary concepts with regard to the fixed salary concepts.

ii) Results assessment criteria on which any right to payment in shares, stock options or any variable component is based;

iii) Fundamental parameters and basis of any annual premium system (bonus) or other benefits not paid in cash; and

iv) An estimate of the absolute amount of the variable salary payments arising from the proposed salary plan in accordance with the level of fulfilment of the hypotheses or objectives taken as reference.

Main characteristics of the company pension plans (e.g. top-up schemes, life insurance policies and similar), with an estimate of their amount or equivalent annual cost.

Conditions to be observed in the contracts of those who exercise senior management functions as executive directors including:

Term;

Terms of notice; and

Any other clauses related to contracting premiums, such as severance payments or golden parachutes for early termination or cancellation of the contractual relations between the company and the executive director.

See epigraph: B.1.15

Complies x Complies partially ☐ Explain ☐

36. The payments made through shares in the company or companies in the group, stock options or instruments referenced to the value of the share, variable payments associated with the company's performance or company pension plans should be limited to the executive directors.

This recommendation will not cover the provision of shares when it is conditioned to the directors maintaining them until their resignation as a director.

See epigraphs: A.3, B.1.3

Complies x Explain ☐

37. The salary payments of the external directors must be the amount necessary for compensating the devotion, qualification and responsibility required by the post; but not so high as to compromise their independence.

Complies x Explain ☐

38. The salary payments related to the company's results should take into account the possible exceptions included in the external auditor's report, which may reduce the said results.

Complies ☐ Explain ☐ Not applicable X

39. In the case of variable salary payments, the salary policies should incorporate the necessary technical precautionary measures to ensure that the said salary payments are related to the professional devotion of the beneficiaries and do not result simply from the general evolution of the markets or the company's activity sector or other similar circumstances.

Complies ☐ Explain ☐ Not applicable X

40. The Board should submit a report on the directors' salary policy to vote at the General Shareholders Meeting, as a separate, consultative matter on the agenda. The said report should be made available to the shareholders either separately or in any other way the company considers appropriate.

The said report should focus particularly on the salary policy approved by the Board for the present year, as well as, where applicable, the policies anticipated for future years. It shall include all the matters referred to in Recommendation 35, except for circumstances that may suppose the revelation of sensitive commercial information. It shall underline the most significant changes in the said policies with regard to that applied during the past year to which the General Shareholders Meeting refers. It shall also include an overall summary of how the salary policy was applied during the past year.

The Board should also report on the role played by the Remunerations Committee in the preparation of the salary policy and, if external consultancy services are used, on the identity of the external consultants providing the service.

See epigraph: B.1.16

Complies ☐ Complies partially ☐ Explain X

Not applicable last year. Applicable this year.

41. The Report should give details of the individual salaries paid to directors during the year and include:

a) The individualised breakdown of the salary of each director, which shall include, where applicable:

- **The allowances for attendance or other fixed payments as a director;**
- **The additional remuneration as chairman or member of one of the board's committees;**

The rules governing the make-up and operation of the Audit Committee and the Appointments and Remuneration Committee or Committees should be recorded in the regulations of the Board and include the following:

a) The board should appoint the members of these Committees, bearing in mind the know-how, skills and experience of the directors and the missions of each Committee; it should deliberate on its proposals and report; and it should report on its activities and respond for the work carried out during the first plenary session of the Board after its meetings.

b) The said Committees should be made up exclusively of a minimum of three external directors. The above is understood as without prejudice to the attendance of executive directors or senior managers when so agreed expressly by the members of the Committee.

Their Chairmen should be independent directors.

d) They should be able to seek external consultancy services when they consider it necessary for their functions.

e) Minutes should be recorded of their meetings and a copy of the said minutes should be sent to all the members of the Board.

See epigraphs: B.2.1 and B.2.3

Complies x Complies partially □ Explain □

45. The supervision of compliance with the internal code of conduct and the rules of corporate governance should be the responsibility of the Audit Committee, the Appointments Committee or, if they exist separately, the Corporate Governance or Fulfilment Committees.

x Complies □ Explain

46. The members of the Audit Committee and, in particular, its chairman should be appointed on the basis of their know-how and experience in bookkeeping, audits and risk management.

x Complies □ Explain

47. The listed companies should have an internal audit function which, under the supervision of the Audit Committee, should monitor the correct functioning of the internal control and information systems.

xComplies □ Explain

48. The person responsible for the internal audit function should present his annual work plan to the Audit Committee; he should inform it directly of the incidents occurring during its development; and, at the end of each year, submit an activities report.

x Complies □ Complies partially □ Explain

49. The risk management and control policies should identify at least:

a) The different types of risk (operative, technological, financial, legal, reputational, etc.) facing the company, where the financial or economic risks should include the contingent liabilities and other off-balance-sheet risks.

b) The level of risk considered acceptable by the company;

c) The measures laid down to reduce the impact of the risks that are identified should they occur;

d) The internal control and information systems that will be used to control and process the said risks, including the contingent liabilities or off-balance-sheet risks.

See epigraph: D

□ Complies x Complies partially □ Explain

The Company updated a risk assessment that had been conducted to identify and assess the group's business risks in view of its activity and the current climate, as well as the controls associated with these risks, for which particular emphasis was placed on the risks classified as high and/or those which were subject to weak controls. Additionally, the critical risks identified in the last update of the risk map were analysed in depth in terms of the recommendations and action plans suggested in previous reviews, as well as in terms of their status.

A schedule was agreed on with Senior Management to continue working on the project over the 2012 and 2013 business years. It is important for the Company to identify the improvements to these measures and controls in order to improve current risk management practices and make them more efficient and effective.

Furthermore, the Company worked on the implementation of the recommendations of the diagnosis reached during the first four-month period of 2011 on Financial Information Control Systems, based on the new regulations and recommendations of the Spanish Securities Commission.

50. The Audit Committee should be responsible for the following:

1. In relation to the internal control and information systems:

a) Supervising the preparation process and integrity of the financial information related to the company and, where applicable, the group, reviewing compliance with the standard requirements, the appropriate definition of the consolidation perimeter and the correct application of the bookkeeping criteria.

b) Regularly reviewing the internal control and risk management systems so that the main risks can be identified, processed and appropriately publicised.

c) Ensuring the independence and effectiveness of the function of the internal audit; proposing the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; proposing the budget of the service; receiving regular information on its activities; and ensuring that senior management takes into account the conclusions and recommendations put forward in its report.

d) Setting up and supervising a mechanism that enables employees to communicate any significant irregularities, especially those related to finance and bookkeeping, and to do so in a confidential manner.

2. In relation to the external auditor:

a) Raising the selection, appointment, re-election and substitution proposals concerning the external auditor to the Board, as well as the terms and conditions of his contract.

b) Regularly receiving information from the external auditor on the audit plan and the results of its implementation and ensuring that senior management takes into account the corresponding recommendations.

c) Guaranteeing the independence of the external auditor and, accordingly:

i) The company should report the change of auditor to the Spanish National Securities Market Commission as a relevant event and accompany the said report with the declaration on the existence of disagreements with the departing auditor and, where applicable, the corresponding content.

ii) It should be ensured that the company and the auditor observe current standards on the provision of services other than auditing services, the limits to the auditor's business concentration and, in general, the other standards established to guarantee the independence of auditors;

iii) In the case of the resignation of the external auditor, it should examine the circumstances leading to the said resignation.

d) In the case of groups, it should favour the group's auditor assuming the responsibility for the audits of the companies in the group.

See epigraphs: B.1.35, B.2.2, B.2.3 and D.3

□ Complies x Complies partially □ Explain

The point that was not put into practice in the 2008 tax year and that will be applied in 2009 is as follows:

In the 2008 tax year, the external auditor was appointed for a one-year term by virtue of the agreement adopted by the General Shareholders Meeting on 30/05/08. With regard to 2009, the Audit Committee will be informed so that is able to make recommendations to the Board on the selection, appointment, re-election and replacement of the external auditor, and the terms and conditions of the latter's contract.

51. The Audit Committee should be able to call any of the company's employee or manager and also have them appear without the presence of any other manager.

x Complies □ Explain

52. The Audit Committee should report to the Board before the Board adopts the corresponding decisions on the following matters indicated in Recommendation 8:

a) The financial information which, due to its status as a listed company, must be published by the company on a regular basis. The committee should ensure that the interim accounts are prepared under the same bookkeeping criteria as the annual accounts and, accordingly, consider the appropriateness of a limited review by the external auditor.

b) The creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered as tax havens, as well as whatsoever other similar transaction or operation which, owing to its complexity, could undermine the group's transparency.

c) The related transactions, unless the preliminary report function has been attributed to another control and supervision Committee.

See epigraphs: B.2.2 and B.2.3

x Complies ◻ Complies partially ◻ Explain

53. The Board of Directors should seek to present the accounts to the General Shareholders Meeting without any reservations or qualifications in the audit report and, in whatsoever exceptional case, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of the said reservations or qualifications.

See epigraph: B.1.38

x Complies ◻ Complies partially ◻ Explain

Historically, we have had consolidated audit reports without reservations or qualifications. The external auditors stand before the Audit Committee before the presentation of the Annual Accounts to the Board of Directors to explain the conclusions drawn from their audit.

Most of the members of the Appointments Committee (or the Appointments and Remuneration Committee, if there is only one Committee) should be independent directors.

See epigraph: B.2.1

Complies x Explain ◻ Not applicable ◻

Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Appointments Committee:

Assessing the skills, know-how and experience required of the Board and, consequently, defining the functions and skills required of the candidates to cover each vacancy; and assessing the time and devotion necessary for them to carry out their task correctly.

Examining or organising, as considered appropriate, the succession of the Chairman and the chief executive and, where applicable, making proposals to the Board so that the said succession occurs in an orderly and well-planned manner.

Reporting the appointments and resignations of senior executives as proposed to the Board by the chief executive.

Reporting to the Board on matters of gender diversity as per Recommendation 14 of this code.

See epigraph: B.2.3

Complies x Complies partially ▯ Explain ▯ Not applicable ▯

The Appointments Committee should consult the company's Chairman and chief executive, especially with regard to business concerning the executive directors.

And any director should be able to ask the Appointments Committee to consider potential candidates for the vacancy of director if they consider them to be ideal.

Complies x Complies partially ▯ Explain ▯ Not applicable ▯

Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Remuneration Committee:

Proposing to the Board of Directors:

The salary policy for directors and senior managers;

The individual salaries of the executive directors and the other terms and conditions of their contracts.

The basic terms and conditions of the senior managers' contracts.

Ensuring the observance of the salary policy laid down by the company.

See epigraphs: B.1.14, B.2.3

Complies x Complies partially ▯ Explain ▯ Not applicable ▯

The Remuneration Committee should consult the company's Chairman and chief executive, especially with regard to business concerning the executive directors.

Complies x Explains ▯ Not applicable ▯

OTHER INFORMATION OF INTEREST

If you consider that there is any important principle or aspect regarding the corporate governance practices applied by your company which have not been covered in this report, please explain below.

Negative reply.

More specifically, indicate whether your company is subject to any corporate governance legislation other than Spanish law, and if so, include any information that is mandatory and different from that requested herein.

Negative reply.

Binding definition of independent director:

Indicate whether or not any of the independent directors has or has had any relationship with the company, its significant shareholders or managers which, if sufficiently significant or important, would have meant that the director could not be considered as independent in accordance with the definition laid down in section 5 of the unified code of good governance:

Negative reply.

This Annual Report was approved at the meeting held on March 26th 2012 by the Board of Directors.

ANNEX TO THE ANNUAL CORPORATE GOVERNANCE REPORT OF FLUIDRA, S.A. FOR THE BUSINESS YEAR 2011

Act 2/2011, dated 4 March, on sustainable economy (Sustainable Economy Act) modifies Act 24/1998, dated 28 July, on the securities market (Securities Market Act) and introduced a new chapter VI called the "Annual Corporate Governance Report", which includes a new article 61bis that regulates the annual corporate governance report (ACGR). Amongst other novelties, this article includes a new section in the annual corporate governance report that describes the main characteristics of the internal systems for risk management and control with regard to reporting financial information.

Furthermore, the Sustainable Economy Act has overturned article 116bis of the Securities Market Act that established the obligation to include certain additional information in the directors' report.

Given that the format of the annual corporate governance report has not yet been regulated, for this business year, we have used that established in circular 4/2007, dated 27 December, currently in force issued by the Spanish Securities Commission (CNMV). Thus, this annex includes the additional information required by the Sustainable Economy Act that is not included in the aforementioned format and is set out in the following paragraphs.

1. Information regarding securities that are not traded on a regulated EU market, with an indication (where appropriate) of the different classes of shares and, for each class of shares, the rights and obligations conferred [as well as the percentage of the share capital represented by the company's treasury stock and any significant variations]. (Article 61bis 4 to 3 of the Securities Market Act).

There are no other securities issued that are traded on a non-EU market.

The company's treasury stock at the end of the business year is 2,858,328 shares, which represent 2.530% of the share capital.

The significant changes to the treasury stock, in accordance with the provisions of Royal Decree 1362/2007, carried out during the business year have consisted in the direct acquisition of 666,147 shares representing 0.592% of the share capital.

The disposal of the aforementioned shares resulted in a loss of 138 thousand euros.

2. Any restrictions on the transfer of securities and any restriction of voting rights (art. 61bis 4b of the Securities Market Act).

There are no statutory restrictions on the transfer of the securities representing the share capital or the exercise of voting rights other than those envisaged by law.

In this respect, according to article 13 of the Articles of Association, the shares and economic rights that result from them, including pre-emptive subscription rights, are freely transferable by all of the means accepted by Law.

The transfer of new shares shall not come into effect until the capital increase has been registered with the Companies Registry.

Furthermore, article 83.1 of the Capital Companies Act and article 8c of the Articles of Association state that voting rights may not be exercised if a shareholder is in arrears with the payment of share capital, or if shares do not give the right to vote.

3. Information regarding the rules applicable to the modification of the Articles of Association (article 61 bis4b of the Securities Market Act).

The procedure for the modification of the Articles of Association must be in accordance with the provisions of articles 285 and the following of the consolidated text of the Capital Companies Act, which requires the approval of the AGM, with the quorum and majorities envisaged in articles 194 and 201 of the aforementioned Act. Furthermore, any modifications must be set out in the directors' report, which must be made available to the shareholders. Article 27 of the Articles of Association includes the principle contained in article 194 of the consolidated text of the Capital Companies Act and establishes that, in order for the General Meeting (ordinary or extraordinary) to be able to validly make any modification to the Articles of Association, it is necessary for the shareholders that hold at least fifty percent of the subscribed share capital with voting rights to attend the first call (in person or by proxy). At the second call, 25 percent of this capital shall be sufficient.

Amongst other powers of the General Meeting, Article 5 of the General Meeting Regulations expressly provides for the modification of the Articles of Association.

Article 25 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions by the AGM and, in the case of modifications to the Articles of Association, establishes that each article or group of articles that is substantially independent should be voted on separately.

4. Information regarding significant agreements that the company has entered into and that enter into force are modified or concluded in the event of a change to the control of the company due to a takeover bid, and their effects, except when its disclosure is seriously damaging to the company. This exception will not be applicable when the company is legally bound to release this information. (Article 61bis 4c 4 of the Securities Market Act).

Not applicable

5. Information regarding agreements between the company and its directors, executives or employees that establish an indemnity should they resign or be unfairly dismissed or if the labour relationship should end as a result of a takeover bid. (Article 61bis 4c 5 of the Securities Market Act).

The company has signed agreements with its directors that include guarantee clauses. There are seven beneficiaries of this type of clause, as authorised by the Board of Directors.

F INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE INTERNAL CONTROL SYSTEM FOR FINANCIAL INFORMATION (ICSFI)

F.1. The organisation's Control Environment

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of a suitable and effective ICSFI; (ii) its implementation; and (iii) its supervision.

Fluidra S.A. and its subsidiaries (hereinafter, Fluidra) has officially set out how ICSFI practices should be handled to deliver the most useful and effective results in the Regulations of the Board of Directors.

The Board of Directors has entrusted Fluidra's CFO with the responsibility of implementing and updating the ICSFI.

Insofar as the supervision of the ICSFI is concerned, article 13.3 of the Regulations of the Board of Directors specifically designates the Audit Committee with the responsibility of supervising the ICSFI and the process of drawing up and filing regulated financial information. The Audit Committee is given support by the personnel who conduct internal audits in the discharge of its responsibilities.

F.1.2. In specific relation to the drawing up of the financial information, the following features, if available:

- **Departments and/or mechanisms responsible for: (i) designing and reviewing the company's organisational structure; (ii) defining clear lines of accountability and the distribution of tasks and functions; and (iii) ensuring that the organisation has a body with the powers to put the proper procedures in place to inform the whole of the company about financial matters.**

  Fluidra has internal processes that establish the levels of authorisation necessary to modify its organisational structure. The CEO is ultimately responsible for approving the set-up of the structure and its review with the support of the Appointments and Remuneration Committee. The Appointments and Remuneration Committee is made up of three Board members, two of whom are independent members.

  Fluidra's internal organisational chart is posted on the corporate intranet and covers posts held in the main business areas from the CEO down to the general managers of each area.

  Specifically, for the purposes of drawing up the regulated financial information, the Group Accounting Manual (GAM) sets out the current basic lines of accountability in the process, policies, required documentation and the schedule to be followed. Fluidra also has an organisational chart broken down by areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), in which details are given of hierarchical relationships.

- **Code of conduct, approving body, scope of dissemination and disclosure, principles and values included (with an indication of whether specific mention is made in the business transaction records and the financial information reported),**

and the body responsible for analysing incidents of non-compliance and proposing corrective actions or penalties.

One of Fluidra's commitments is to seek ways of channelling its efforts so that operations are conducted in an environment of ethical professional practices. On the one hand, it does so by implementing mechanisms designed to prevent and detect frauds or malpractice committed by employees that could be subject to penalties, fines or harm the group's image and, on the other hand, by emphasising the importance of ethical values and integrity amongst its employees.

Fluidra has a code of conduct, hereinafter "Code of Ethics", the first version of which was approved by the Board of Directors at a meeting held on 16 December 2008. Fluidra has now reviewed its Code of Ethics so that it can add changes to it that reflect the modifications made to the legal framework to which it is subject, particularly with regard to the accountability of the Board of Directors and the Audit Committee. The revised version of the Code of Ethics was approved by the Audit Committee on 28 February 2012 and was subsequently disclosed to the Board of Directors.

All of the group's employees must comply with the Code of Ethics. Updates and modifications to the Code of Ethics are made by Fluidra's Audit Committee. The Code of Ethics is available to all employees on the corporate website.

Broadly speaking, the values included in the Code of Ethics are mainly there to ensure maximum transparency in Fluidra's business dealings. It is thus actively engaged in creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions, and society in general. The Code of Ethics is based on the 10 principles set out in the UN's Global Compact and is intended to outline the most relevant ethical rules and forms of conduct that should be followed in internal and external relations. It also lists forms of conduct not permitted by law, which are updated on a regular basis.

The general ethical principles covered by Fluidra's Code of Ethics specifically affect the ICSFI in terms of the values related to integrity and professional rules of conduct, the lines of action that to a greater or lesser extent are related to the reliability of financial information and compliance with the regulations in force.

Fluidra has a Committee for the Promotion of the Code of Ethics whose main mission is to promote its dissemination and application throughout the group and provide a communications channel for all employees so that they can send in queries and report any breaches in the Code.

The Audit Committee acts on suggestions made by the Committee for the Promotion of the Code of Ethics to propose corrective actions and impose penalties.

The training given on the Code of Ethics consisted of its distribution to all managers, who then undertook the task of explaining it to the employees they supervise.

Whenever new employees join Fluidra, they are all given the Code of Ethics, which they must promise to follow in compliance with the company's internal policies.

- **Whistleblower channel, which enables employees to report financial and accounting irregularities to the Audit Committee in the strictest confidence, in addition to any possible breaches of the Code of Ethics and irregular activities observed in the organisation.**

Fluidra has an internal whistleblower channel through which all employees are able to address their queries and questions. They can be sent through two communication channels: by email or by post.

The role of the Committee for the Promotion of the Code of Ethics is to deal with the queries and complaints received. Its aim is to monitor and control the degree to which the principles set out in the Code of Ethics are complied with.

The Committee for the Promotion of the Code of Ethics regularly reports to the Audit Committee on any breaches of the Code of Ethics identified, the corrective actions proposed and any disciplinary measures that may have been taken, for their approval.

All communications between the Committee for the Promotion of the Code of Ethics and Fluidra's employees are strictly confidential, in compliance with the restrictions set out in Organic Law 15/1999, of 13 December, on Personal Data Protection. All of the members of the Committee for the Promotion of the Code of Ethics are authorised to have access to all information relating to queries and notifications received from the group through the procedure for handling queries and notifications. The Committee for the Promotion of the Code of Ethics is responsible for selecting and prioritising any notifications received.

- **Regular training programmes and refresher courses for all staff involved in preparing and reviewing financial information, and assessing the ICSFI. All such staff is given basic training in the standards used for accounting, audits, internal controls and risk management.**

Fluidra has set up FluidrAcademy in order to promote training. The goal of FluidrAcademy is to build up a range of corporate training courses that deal with cross-disciplinary and business related contents in order to promote the transfer of internal skills and the relations between Fluidra's professionals. It has also been designed to encourage internal training by running courses related to Fluidra's main functional and business areas. These courses are taught by internal trainers whenever possible and full advantage is thus taken of the knowledge of the company's employees.

For aspects related to the preparation of financial information, Fluidra's GAM includes the four basic core themes in accounting and financial competences:

a) Training in new IFRS and GAAP accounting rules. Each year, the financial teams from each division, the heads of central services and the personnel from internal audits receive training in the changes and/or new interpretations of the International Financial Reporting Standards (IFRS), as well as on Spanish GAAP accounting and tax rules.

b) GAM online training courses. These courses are currently being developed. There will be seven modules related to the most critical areas in preparing financial information. They are intended for the staff in all of the companies in the group who are responsible for preparing the financial statements and are compulsory for them.

c) Training in the group's accounting principles. An online course is being designed for foreign subsidiaries and newcomers to the organisation that will concentrate on the most commonly used entries in the company's year-end accounts.

d) Training in subsidiaries. Additionally, the training given in Fluidra's subsidiaries abroad will be conducted by means of on-site visits by teams from the divisions and services based at headquarters. They will review reporting statements, the different information required by headquarters, and the criteria used to determine slow-moving inventory and bad debt, amongst others. All newcomers will be sent on a one-week induction course at headquarters.

In order to improve knowledge about accounting and finance, and the integrity and reliability of the information flow between Fluidra's different business areas, training sessions called "Finance for non-financiers" are run regularly.

Finally, with regard to the audit and internal control areas, the directors of finance and internal audits are responsible for identifying the needs of their teams in terms of training and they propose training courses to cover any specific needs that may arise.

F.2. Risk assessment of financial information

F.2.1. Main characteristics of the risk identification process examined, including errors and fraud, with regard to:

- **Whether the process exists and is documented.**
- **Whether the process covers all of the financial information required (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.**
- **Whether there is a process for identifying the scope of consolidation, based, amongst other aspects, on the possible existence of complex corporate structures, holding companies or companies with a special purpose.**
- **Whether the process takes other types of risk into account (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect financial statements.**
- **The governing body of the entity that supervises the process.**

The process for identifying risks of error in financial information followed by Fluidra is systematic and has been documented. Fluidra places special emphasis on identifying risks of material errors and fraud by determining the goals of the controls conducted on financial information for each of the risks identified. This process for identifying risks is undertaken and documented by Fluidra's CFO and is supervised by the Audit Committee, with assistance from the team of internal auditors.

The process is designed in such a way that the factors that can materially affect the financial statements are regularly analysed based on a number of criteria that include quantitative and qualitative factors. Thus, relevant areas/locations are identified in terms of the transactions that can have a material effect on the financial statements.

The scope of the areas identified is reviewed by Fluidra's CFO and is ultimately supervised by the Audit Committee.

If during a business year there are cases of (i) circumstances previously not identified that show signs of possible errors in the financial information, or (ii) substantial changes in Fluidra's operations, the CFO will assess whether such risks should be added to those already identified.

Following meetings with the general division managers and the Legal Department, the CFO will regularly update the part of the corporate structure that governs the scope of accounting and tax consolidation, which will subsequently be reviewed by the internal auditors and ultimately by the Audit Committee.

As set out in the Regulations of the Board of Directors, the Audit Committee is responsible for regularly reviewing the internal control and risk management systems, so that the main risks are properly identified, managed and made known.

F.3. Control activities

F.3.1. Financial information review and authorisation procedures, the description of the ICSFI to be released to the securities markets, the designation of the people responsible for these procedures and the documentation describing the workflow of activities and controls (including those related to the risk of fraud) of the various types of transactions that could materially affect the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimations, valuations and forecasts.

The GAM describes the goals to be reached in accounting close procedures and in the preparation of the financial information for all areas. The control activities are reported by means of check lists. This ensures that all controls associated with the reporting, valuation, presentation and breakdown of the various types of transactions have been properly performed. This likewise ensures that critical balance sheets that have a material impact on the financial statements are drawn up according to regulations. The control activities identified and officially reported focus on the activities directly related to balance sheets and transactions that can materially affect the financial statements. They have also been designed to mitigate the risk of fraud.

Amongst others, special care has been taken to ensure the check lists cover the following areas:

- Accounting closes and financial reporting
- Sales and accounts receivable
- Goodwill
- Intangible assets with a definite or indefinite useful life
- Fixed assets
- Inventory
- Purchases and accounts payable
- Financial debt

Specifically, the accounting close procedure and the review and authorisation of the financial information reported to the markets are subject to a detailed schedule of closing activities that is duly distributed to all divisions through the GAM. Each subsidiary is then responsible for reporting its financial information in line with a standard format to the Department of Finance, which is responsible for the consolidation process and drawing up the consolidated annual accounts. These are in turn approved by the CFO for their subsequent presentation to and control by the CEO, the internal auditors, the Audit Committee and the Board of Directors.

The specific review of relevant judgements, estimates, valuations and forecasts is conducted at a basic level through Fluidra's existing controls, whether those put in place for its routine transactions or those used in the process of preparing financial information that are listed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, any aspects that are of particular relevance in the preparation of financial information are subsequently discussed and reviewed. The reviews are subject to a hierarchical order that goes from division finance managers and general managers, through to the CFO, the CEO, the Audit Committee and the Board of Directors.

When external experts are called in to assess judgements, estimates, valuations and forecasts they discuss and disclose their findings to the CFO, once their work has gone through a number of control and monitoring procedures.

Specifically, the main judgements and estimates subject to review in a business year are discussed in the notes to the consolidated annual accounts.

F.3.2. Internal policies and procedures for controlling information systems (such as secure access, tracking changes, implementing changes, operational continuity and the division of functions) to which the company's relevant processes are subject in relation to the drawing up and publication of financial information.

Fluidra uses information systems to ensure that its operations are properly recorded and controlled. As part of the process for identifying risks of error in its financial information, Fluidra's CFO decides which systems and applications are relevant in preparing it. The systems and applications identified include both those directly used to prepare the financial information and the interfaces with the system, of which the link between sales/accounts receivable and purchases/accounts payable can be highlighted.

The policies and procedures used by Fluidra's information systems cover physical and cyber security with regard to access (restricted access is used to ensure the proper division of functions), procedures for checking the design of new systems or modifications to existing ones, and the continued operation of systems (or the set-up of alternative systems and applications) should unforeseen events occur that affect their operation. Amongst other aspects, these policies are designed to guarantee the following:

- Secure access to both data and applications
- Changes made to applications are tracked
- Applications operate properly
- Data are available and applications are in working order
- Functions are divided appropriately

a) Secure access

A number of measures have been taken at different levels to prevent unauthorised access to both data and applications.

Access to applications, operating systems and databases is controlled through the use of usernames and passwords. Access to data is restricted to user profiles but a matrix for dividing functions to ensure that they are not incompatible has not been developed.

b) Tracking changes

A change management methodology has been developed and implemented that establishes the precautions and validations needed to limit the risk of this process.

Its main aspects include the following:

- Approval by business areas
- Tests are conducted as a preliminary step to production
- Specific environments for development tasks and testing
- Backtracking procedures
- Division of functions as the development team does not have access to production.

c) Operations

To ensure that operations are properly performed, the interfaces between the systems involved in preparing financial information are monitored.

Additionally, there is an internal Help Desk that users can contact should they detect any type of incident, have a query or wish to request training. The Help Desk also controls the efficiency of the performance of the information systems.

d) Availability and continuity

The company has a data processing centre (central and backup) that ensures information systems are available in cases of contingencies. Further backup is given through a disaster recovery plan (DRP) that sets out the tasks and steps to be followed to restore the systems in case of failure. The DRP is tested under real conditions once a year.

Additionally, a backup is made of data and applications daily that is temporarily kept in a safe place. There is a specific procedure for restoring these data even if full tests are not regularly run. However, partial procedures for restoring the information are carried out regularly.

e) Division of functions

A number of profiles have been defined to set the functions to which each user should have access on the information systems. These profiles are used to prevent a user from having more privileges than are strictly necessary. The definition of these profiles is currently under review.

F.3.3. Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

Fluidra, within its annual procedure to determine the scope of the ICSFI, identifies in what locations and financial areas there are:

- Activities outsourced to third parties.

At the time of establishing a collaborative agreement with a contractor, ensure competition, accreditation, technical and legal expertise and independence of the third party. During fiscal 2011, Fluidra has not outsourced activities that may materially affect to the financial statements.

- Assessment, calculation or valuation entrusted to independent experts

Fluidra uses experts that support work to assessments, judgments or accounting estimates, only when they are enrolled in the relevant professional associations, or have an equivalent accreditation, declare their independence and are of recognized companies in the market.

Specifically for 2011, experts have been used in jobs related to business combinations. Fluidra follows procedures to ensure competence, accreditation and independence of the third contract and also has ensured the validity of the data used by the third party and has reviewed and revised key assumptions and assumptions considered in the conclusions of the third party.

F.4. Information and communications

F.4.1. Description of how accounting policies are kept up to date (by accounting areas or departments) and any queries or disagreements about their interpretation resolved. How smooth communications are maintained with the organisation's heads of operations and any updates made to the manual of accounting policies passed on to all of its business units.

Amongst other functions, the CFO is responsible for keeping the accounting policies that apply to the group up to date. Thus, the CFO is responsible for updating the GAM, which includes the group's accounting criteria and its accounting plan, as well as an analysis of any changes to regulations/accounting standards that may have an impact on Fluidra's financial information.

The GAM is updated once a year. The last update was issued in December 2011. In the updates, both the accounting criteria based on the EU-IFRS regulations that apply and the group's accounting structure are reviewed to ensure traceability between the individual accounting plans of the group's subsidiaries and the Fluidra's accounting plan, which serves as the basis for drawing up the various reports containing the financial information to be provided to external bodies.

Once the GAM has been updated, it is sent to all of the organisation's directors of finance by email.

The CFO is also responsible for resolving any queries about the accounting treatment of any transactions that those responsible for Fluidra's financial information may have.

F.4.2. Methods of collecting and preparing the financial information in homogeneous formats to be applied and used by all of the group's units for inclusion in the main financial statements and the notes, as well as the information required for the ICSFI.

All of the companies that are included in the group's consolidated financial statements at the 2011 closing follow a single, homogeneous reporting model. Most of them (around 70% of turnover) use the same corporate accounting system for collecting and preparing financial information. Fluidra ensures that the remaining 30%, which have not yet implemented this information system, use homogeneous formats for preparing financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all subsidiaries covers that required in the main financial statements and their notes. Fluidra's Department of Finance is responsible for obtaining the information required from all of the subsidiaries, based on which any consolidation adjustments that may be required are made to obtain consolidated figures and it supplements the financial information with the notes to the consolidated financial statements.

To ensure that figures reported by subsidiaries are reliable, they must submit a monthly report of the various pieces of information that make it possible to conduct analyses of any variations in equity items and results obtained with regard to the monthly budget, for which a number of items from the balance sheet and the income statement are compared, which provides greater details about the local operations reported.

F.5. Performance monitoring

F.5.1. This takes in the monitoring activities undertaken by the Audit Committee, as well as those conducted by a subsidiary if it has internal auditors whose powers include supporting the Committee in its supervision of the internal control system, including the ICSFI. Likewise, information will be given about the scope of the assessment of the ICSFI performed in the business year and the procedure used by the person responsible for the assessment to disseminate results, as well as whether the company has a plan of action that lists possible corrective measures, and whether its impact on the financial information has been considered.

The functions of the Audit Committee related to the monitoring of the ICSFI are set out in article 13 of the Regulations of the Board of Directors and, amongst others, consist of:

- Supervising the efficiency of the company's internal controls and, in particular, the internal control of financial information, internal audits, if applicable, and risk management systems, as well as discussing any significant weaknesses in the internal control detected after an audit has been conducted with the account auditors or auditing firms.
- Supervising the process of preparing and filing regulated financial information.
- Reviewing the accounts of the company, ensuring the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles, with the direct collaboration of the external and internal auditors to do so.
- In relation to the information and internal control systems:
  - Supervising the drawing up and integrity of the company's and, if applicable, the group's financial statements. Ensuring that regulations are complied with, that the scope of consolidation is abided by and that accounting standards are properly applied.
  - Reviewing the internal control and risk management systems regularly in order to ensure that the main risks are properly identified, managed and made known.
  - Ensuring that internal auditing function is independent and efficient; proposing the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; proposing the budget for the service; receiving regular information about its activities; and ensuring that senior management takes into account the conclusions and recommendations put forward in its report.
  - Establishing and monitoring a system whereby employees are able to supply confidential or anonymous information about irregularities that they have detected in the company, which have potentially serious consequences, particularly with regard to financial and accounting practices.

Fluidra's internal audit function was set up as an independent, objective and exclusive valuation activity. This explains why the Internal Audit Area reports to the Audit Committee.

In 2011, the Audit Committee placed special emphasis on officially supervising the design, implementation and testing of the ICSFI model used by Fluidra, with the support of internal auditors.

Specifically, in relation to the monitoring activities conducted by the Audit Committee:

- In 2011, the Audit Committee regularly checked the progress made in the implementation of the ICSFI. Through these sessions, the members of the Audit Committee were able to review the degree of compliance of the ICSFI by examining the weaknesses identified, approving the corresponding plans of action proposed and setting the times required to execute them.

- In the framework of Fluidra's 2011 Annual Auditing Plan, the Audit Committee entrusted the Internal Audit Area with the review of the processes related to the material areas of the internal control systems.

- In line with the Annual Auditing Plan, the reports issued by the internal auditors about the activities completed were reviewed. These reports included the conclusions on the effective implementation of the controls identified as key in relation to the control systems, and they identified existing weaknesses and, as a result, the proposed plans of action were approved.

During this first year in which the ICSFI was implemented by the CFO, as defined in a document written by the Internal Control Working Group in June 2010 of the Spanish Securities Commission, the internal auditors ensured that the ICSFI was properly designed and implemented. As part of its activities, the Internal Audit Area will extend its review procedures as Fluidra adopts and implements the ICSFI. Internal audits therefore repeatedly check that all the policies, standards and controls of the processes established in the ICSFI are working properly and able to mitigate the risk of fraud. To do so, all work programmes for reviewing each of Fluidra's processes will include a specific section intended to check that the aforementioned policies, regulations and controls have been properly designed and are working.

Of the monitoring activities undertaken as part of the Annual Auditing Plan during the 2011 business year, no relevant incidents were detected in the areas monitored and, therefore, none of the financial information checked by the Audit Committee was subject to changes.

F.5.2. State whether there is a procedure whereby the accounts auditor (in accordance with the procedures established in Spain's auditing standards – the NTA), the internal auditors and other experts can discuss any significant weaknesses in internal controls identified during the review process of the annual accounts or any other reviews that may be conducted with the senior management and the Audit Committee. Likewise, state whether any action plans have been devised to try to correct or mitigate the weaknesses observed.

The Audit Committee meets six times a year prior to the publication of regulated information in order to obtain and analyse the information necessary to carry out the tasks entrusted to it by the Board of Directors.

Special attention is paid to the review of the company's quarterly financial information, which is submitted by the CFO. In order to carry out this process, Audit Committee meetings are attended by the internal auditors, the CFO (who is responsible for preparing financial information) and the auditor of the accounts (when considered necessary, but at least twice a year). Their remit is to ensure that the accounting standards in force are properly applied and that the financial information is reliable. Should any possible significant weaknesses be identified in the internal control process, this should be disclosed and the corresponding plan of action drawn up.

The internal auditors prepare and present an annual internal auditing plan, which is reviewed and approved by the Audit Committee. The Internal Audit Department presents the results of its work and the progress it has made at the various Audit Committee meetings held during the year. Special emphasis is placed on the weaknesses found in internal controls, for which action plans must have been drawn up with the dates they are to be implemented. Subsequently, the internal auditors are responsible for ensuring that the recommended corrective actions are properly implemented by the corresponding areas.

Prior to the publication of reports by the Audit Committee, the internal auditors discuss the results of their work with the director of the area under review. This therefore ensures smooth communications between all the parties involved.

The external auditors submit a summary each year of the scope, schedule and areas on which they will concentrate their efforts in conducting the audit of the annual accounts, in accordance with the applicable accounting standards. They also meet twice a year with the Audit Committee in order to discuss their conclusions from the work carried out and the areas that could be improved. The internal auditors are told about the weaknesses reported so that they can be remedied in the action plan to be implemented.

The financial information is approved by the Audit Committee once it has held the meetings required with the internal auditors, the external auditors and the CFO. It is also sent to Fluidra's Board of Directors so that it can be filed and, if necessary, sent to the securities market authorities.

F.6. Other relevant information

Fluidra has always had a firm commitment to rigour insofar as the financial information control systems are concerned. As a result of the policies and procedures implemented over time, no significant shortfalls have ever been encountered in the past or in the 2011 business year. The shortfalls that have been identified in the past have not been very relevant and in all cases corrective measures have been taken to resolve them and prevent them from occurring again in the future.

The analysis of risks related to financial information and the control systems in place fall within the framework of the analysis for identifying and assessing the risks of the business.

During this business year and previous ones, Fluidra conducted an analysis of the identification and assessment of the group's business risks related to its activities and the economic climate, as well as of all the controls associated with each of them. The risk assessment took into consideration strategic, financial, operational and unforeseeable risks. Based on this analysis, the main risks of the business were identified and prioritised in line with the probability that they could occur, and according to the impact or effect that they could have on the company. At the same time, the controls that Fluidra has for monitoring these risks were identified. They were then classified in terms of their degree of effectiveness and the need to make them more robust, based on which a risk map for Fluidra was developed. In past business years, work has been carried out to improve the analysis of the information systems that make it possible to control and manage the risks identified and the measures foreseen to mitigate their impact should they actually occur. The ultimate aim of this process is to ensure an acceptable level of risk and to identify contingent liabilities and/or risks not included in the balance sheet.

Fluidra regularly updates its business risk identification and assessment control mechanisms based on its activity and the current climate, as well as the controls associated with these risks, for which particular emphasis is placed on those classified as high risk and/or are subject to weak controls.

It is important for Fluidra to regularly identify the improvements to these measures and controls in order to improve current risk management practices and make them more efficient and effective.

F.7. External auditor's report

F.7.1. State whether the information of the ICSFI sent to the markets has been subject to review by the external auditor, in which case the company must include the corresponding report as an appendix. Should it fail to do so, the grounds must be given for doing so.

Fluidra has developed a financial information control system that is reliable, transparent and suited to the size and scope of its business. Thus, since Fluidra has been publishing its financial information, the group has maintained sound, robust systems that ensure such information is reliable in accordance with regulations, as borne out by the fact that no corrections due to accounting errors have had to be made, nor have reworded or qualifying statements have had to be issued in the published auditor's reports. Likewise, the Audit Committee has not found itself in situations in which it has had to modify the financial information prepared by the senior management as a result of weaknesses in the internal control systems.

Given this track record, it has been considered that there is no reason for information published taken from the ICSFI to be subjected to an annual review by third parties. Fluidra has concluded that in view of its regular reviews of the financial information, together with the reasons discussed in the above paragraph, there is no need to subject the information for 2011 sent to the markets resulting from the ICSFI to review by the external auditor. However, this does not preclude the possibility of such a review in future years within the framework of a regular review of the ICSFI.

Finally, it should be taken into account that part of the work carried out by the external auditor consists in:

1) Identifying weaknesses resulting from the auditing procedures applied, according to the Audit Standards in the context of the audit.

2) Reviewing the information in the directors' report (of which the ACGR forms part) to verify that the accounting information contained in it tallies with that found in the annual accounts for the year.

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

On 26 March 2012 the board of directors of Fluidra, S.A. prepared the consolidated annual accounts in conformity with International Financial Reporting Standards as adopted by the European Union (including the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated annual accounts) for the year ended 31 December 2011. 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 (signed)	Bansabadell Inversió Desenvolupament, S.A. Mr Carlos Ventura Santamans (signed)
Mr Eloy Planes Corts (signed)	Mr Richard Cathcart (signed)
Mr Bernat Garrigós Castro (signed)	Mr Kam Son Leong (signed)
Mr Oscar Serra Duffo (signed)	Mr Juan Ignacio Acha-Orbea Echeverría (signed)
Mr Bernat Corbera Serra (signed)	Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U. Mr Eduardo López Milagro (signed)

FLUIDRA, S.A.
AND SUBSIDIARIES

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

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

Fully consolidated subsidiaries

- Fluidra Commercial, S.A.U. (merged with Fluidra Commercial Services, S.L.U. and ADBE Cartera, S.A.U.), with registered offices in Sabadell (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.

- Fluidra España, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.

- SCI 11 Rue Denfert Rochereau, with registered offices in Saint Dennis (France), operates in the real estate sector.

- Astral Piscine, S.A.S., with registered offices in Perpignan (France), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Fluidra Belgique, S.R.L. (before named Astral Pool Belgique, S.R.L.) with registered offices in Carcelles (Belgium), the statutory activity of which is the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool- related products.

- Astral UK, Ltd., with registered offices in Hants (England), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Fluidra Deutschland, GMBH, with registered offices in Hirschberg (Germany), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Astral Italia, S.P.A., with registered offices in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Fluidra Services Italia, S.R.L. with registered offices in Brescia (Italy), the statutory activity of which involves rendering services and conducting real estate activities.

- Astral Pool Switzerland, S.A., with registered offices in Bedano (Switzerland), the principal activity of which is the commercialisation of swimming pool-related materials.

- Fluidra Export, S.A. (before named Astral Export, S.A.), with registered offices in Sabadell (Spain) is dedicated to trading all type of products and goods on both domestic and foreign markets, whilst its principal activity involves the commercialisation of swimming pool-related products, basically acquired from related companies.

- Fluidra Middle East, Fze., with registered offices in Jebel Ali (Dubai), dedicated to the commercialisation of equipment for swimming pools and water treatment and related accessories.

- Fluidra Tr Su Ve Havuz Ekipmanlari AS, with registered offices in Kartal (Turkey), dedicated to the import of equipment, chemical products and other accessories for swimming pools, for their subsequent distribution.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Fluidra Maroc, S.A.R.L., with registered offices in Casablanca (Morocco), the statutory activity of which is the import, export, manufacture, commercialisation, sale and distribution of parts for swimming pools, irrigation and water treatment systems.

- Astral Bazénové Prilslusenstvi Spol, S.R.O., with registered offices in Praha-Vychod (the Czech Republic), the principal activity of which is the commercialisation of swimming pool-related accessories.

- Fluidra Danmark A/S (before named Astral Scandinavia, A/S), with registered offices in Roedekro (Denmark), importer of technical components and equipment for all types of water treatment processes.

- Zao "Astral Sng", with registered offices in Moscow (Russia), the principal activity of which is the purchase of swimming pool-related materials for their subsequent sale on the domestic market.

- Fluidra Magyarország, kft., with registered offices in Budapest (Hungary), the principal activity of which is the commercialisation and assembly of machinery and accessories for swimming pools, irrigation and water treatment and purification systems.

- Fluidra Polska SP, Z.o.o., with registered offices in Wroclaw (Poland), the principal activity of which is the commercialisation of swimming pool-related accessories.

- Fluidra Chile, S.A., with registered offices in Santiago de Chile (Chile), the principal activity of which is the distribution and commercialisation of products for swimming pools, irrigation and water treatment and purification systems.

- Astral Pool México, S.A. de C.V., with registered offices in Tlaquepaque (Mexico), the principal activity of which is the commercialisation of swimming pool-related materials.

- Fluidra USA, Inc. (merged with Fluidra USA, Inc.), with registered offices in Jacksonville (USA), dedicated to the commercialisation of swimming pool-related products and accessories.

- Astral India PVT LTD, with registered offices in Mumbai (India), the principal activity of which is the commercialisation of swimming pool-related materials.

- Fluidra Portugal, LDA, with registered offices in São Domingo da Rana (Portugal), dedicated to the manufacture, sale and purchase, distribution commercialisation, export and import of all types of swimming pool-related products.

- Pool Supplier, S.L.U., with registered offices in Polinyà (Barcelona), dedicated to the sale and purchase of swimming pool-related products and the distribution of these products among group companies.

- Fluidra Hellas, S.A. with registered offices in Aspropyrgos (Greece), the principal activity of which is the distribution of swimming pool-related materials.

- Ya Shi Tu (Ningbo Water Treatment Equipment, LTD)., with registered offices in Donquiao Town (China), the principal activity of which is the commercialisation of swimming pool-related products.

- Catpool SA de C.V., with registered offices in Mexico DF (Mexico), the principal activity of which is the purchase, sale and distribution of chemical products related with the maintenance of swimming pools and water systems.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Astral Pool Australia PTY LTD, with registered offices in Melbourne (Australia), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems. This is the Parent company of the group Astral Holdings Australia Pty Ltd, which parent has the 100% of the capital shares of the companies Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd., Hurlcon Research Pty Ltd. (non-active company), Rolachem Pty Ltd. (non-active company) and Hendy Manufacturing Pty Ltd. (winded up) and also Astral Pool Australia Pty Ltd.

- Astral Pool Hongkong CO. LTD, with registered offices in Hong Kong (Hong Kong), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Singapore PTE LTD (before named Astral Pool Singapore PTE LTD), with registered offices in Singapore (Singapore), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Balkans JSK, with registered offices in Plovdiv (Bulgaria), the principal activity of which is the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for the maintenance of swimming pools and water systems.

- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co. Ltd., with registered offices in Tower E, Building 18, num. 238, Nandandong Road, Xu Hui District (Shanghai), the principal activity of which is the commercialisation of swimming pool products.

- MTH Moderne Wassertechnik AG, with registered offices in Gilching (Germany), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems.

- Blue Water Parts, S.A.S., with registered offices in Villeurbanne (France), mainly dedicated to selling replacement materials for swimming pools.

- Astral Pool Cyprus LTD, with registered offices in Limassol (Cyprus), the principal activity of which is the distribution of swimming pool-related products.

- Metalast, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the manufacture of metal products, piping and street furniture, and the wholesale of accessories.

- Poltank, S.A.U. (merged with Servaqua, S.A.U. and Llierca Naus, S.A.), with registered offices in Tortellà (Girona), the statutory activity of which involves the manufacture and commercialisation of swimming pool filters by injection-moulding, projection or lamination.

- Sacopa, S.A.U., with registered offices in Sant Jaume de Llierca (Girona), the principal activity of which is the transformation and commercialisation of plastic materials.

- Unistral Recambios, S.A.U., with registered offices in Massanet de la Selva (Girona), the statutory activity of which involves the manufacture, sale and purchase and distribution of machinery, accessories, spare parts, components and specific products for the treatment and purification of water.

- Talleres del Agua, S.L., with registered offices in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria), the statutory activity of which involves the construction, sale, installation, conditioning and maintenance of swimming pools, as well as the manufacture, sale and purchase, import and export of all types of swimming pool-related tools.

- Maber Plast, S.L., with registered offices in Sant Joan les Fonts (Girona), the principal activity of which is the transformation of plastic materials.

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

- Togama, S.A., with registered offices in Villareal (Castellón), the statutory activity of which is the manufacture of ceramic insulators and insulating parts for electrical installations.

- Fluidra Industry, S.A.U., with registered offices in Polinyà (Barcelona), dedicated to the holding and use of shares and advising, managing and administrating the companies in which it has an interest.

- Productes Elastomers, S.A. with registered offices in Sant Joan Les Fonts (Girona) is dedicated to the manufacture of rubber moulded parts and all kinds of natural rubber and synthetic products; the development of techniques for the maintenance of pressure cylinders; their repair and modification and in general, the preparation, manufacture and transformation of all kinds of rubber and plastic products.

- Ningbo Linya Swimming Pool & Water Treatment Co., with registered offices in Ningbo (China), the statutory activity of which is the design, research and development and manufacture of equipment for swimming pools and water disinfection, pumps, dehumidifiers, metallic products, plastic products and vitreous linings.

- Turcat Polyester Sanayi Ve Ticaret A.S., with registered offices in Istanbul (Turkey), the statutory activity of which is the production, import, export and commercialisation of products and accessories, purification filters and chemical products.

- Europeenne de Couverteurs Automatiques, S.A.R.L., with registered offices in Perpignan (France), the statutory activity of which is the manufacture of motorised swimming pool covers.

- Aquant Trading Co. LTD, with registered offices in Shanghai (China), the statutory activity of which is the commercialisation, import and export of swimming pool equipment, accessories and other swimming pool sector-related components, together with the rendering of services related to its statutory activity.

- Ningbo Dongchuan Swimmingpool, with registered offices in Ningbo (China), the statutory activity of which is the manufacture and installation of swimming pool equipment, brushes, plastic and aluminium products, industrial thermometers, water disinfection equipment and water testing equipment. It also imports and exports technology for its own use or as an agent

- ID Electroquimica, S.L., with registered offices in Alicante (Spain), the statutory activity of which is the sale of all kinds of machinery for the development of electrochemical processes and reactors.

- Pacific Industries, S.A.S. with registered offices in Boulazac (France), the statutory activity of which is the manufacture and warehousing of material for water treatment, filtering equipment and domestic and industrial accessories.

- Swimco Corp., S.L., with registered offices in Munguia (Vizcaya) the statutory activity of which involves the holding and use of shares, securities and other interests and advising, managing and administrating the companies in which it has an interest.

- Manufacturas Gre, S.A., with registered offices in Munguia (Vizcaya), the statutory activity of which involves the manufacture and commercialisation of swimming pool-related products, materials and accessories.

- Pisciwellness Domicialiario, S.L.U., with registered offices in Munguia, Vizcaya (Spain). The principal activity of this company is based on the statutory activity which consists of the distribution and sale of swimming pools and spas.

- Certikin Italia, S.p.A., with registered offices in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Me 2000, S.R.L., with registered offices in Brescia (Italy), the statutory activity of which is the development and lease of buildings.

- Certikin Internacional, Ltd., with registered offices in Witney Oxon (England), the principal activity of which is the commercialisation of swimming pool-related products.

- Hydroswim International, S.A.S. (formerly MMC, S.A.S.), with registered offices in La Chevroliere (France), the principal activity of which involves the manufacture and commercialisation of swimming pool filters and pumps.

- Industrias Mecánicas Lago, S.A., with registered offices in Sant Julià de Ramis (Girona), the statutory activity of which involves the manufacture and commercialisation of water pumps, swimming pools and associated accessories.

- Certikin Pool Ibérica S.L., with registered offices in Palafolls (Barcelona), the principal activity of which is the commercialisation of swimming pool-related products.

- Certikin Swimming Pool Products India Private Limited, with registered offices in Bangalore (India), the principal activity of which is the commercialisation of swimming pool-related products.

- Cepex, S.A.U., with registered offices in Granollers, Barcelona (Spain), the principal activity of which is the manufacture and distribution of injected plastics and in particular, plastic parts for valves.

- Pro Cepex, S.A.R.L., with registered offices in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.

- Cepex S.R.L., with registered offices in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of fluid conduction products.

- Cepex USA Inc., with registered offices in Jacksonville, Florida (USA), the principal activity of which is the commercialisation of fluid conduction products.

- Cepex Mexico, S.A. de CV., with registered offices in Mexico City (Mexico), the principal activity of which is the commercialisation of fluid conduction products.

- Agro Cepex, S.A.R.L., with registered offices in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.

- Certikin Middle East, F.Z.E., with registered offices in Dubai (United Arab Emirates), the principal activity of which is the commercialisation of fluid conduction products.

- Irrigaronne, with registered offices in Zone Industriekke 47550, 47000 Agen (France), the activity of which is the assembly and repair of hydraulic installations for irrigation, agricultural hydraulics and mechanised agriculture.

- Inquide, S.A., with registered offices in Polinyà (Barcelona), the principal activity of which is the manufacture of products and chemical specialties in general, with the exclusion of pharmaceuticals.

- Certikin France, S.R.L., with registered offices in Perpignan (France), the principal activity of which is the commercialisation of chemical water disinfection products.

- Inquide Italia, S.R.L., with registered offices in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of chemical water disinfection products.

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

- Aquambiente, S.A., with registered offices in Estrada Nacional 249 – Parque Industrial Cabra Figa, Lote 15 Cabra Figa (Portugal), the principal activity of which is the commercialisation of chemical water disinfection products.

- Astramatic, S.A.U., with registered offices 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.

- S. C.I. Cerisay, with registered offices in Avenue Maurice Bellonte, Perpignan, (France), the principal activity of which is the holding of real estate securities.

- ATH Aplicaciones Técnicas Hidráulicas, S.L., with registered offices in Cervelló, Calle Joan Torruella I Urbina, 31, Barcelona (Spain), the activity of which is the wholesale and retail sale of machinery, materials, tools and accessories for water installations and treatment systems.

- Calderería Plástica del Norte, S.L., with registered offices in Rentería (Guipúzcoa), the principal activity of which is the manufacture and commercialisation of plastic water purifying and treatment equipment.

- Trace Logistics, S.A., with registered offices in Massanet de la Selva (Girona), the statutory activities of which is the consignment of goods in its warehouses and premises for storage, control and distribution to third parties upon request of the consigner; storage, loading and unloading and other supplementary services required to manage the distribution of these goods upon instruction of the consigner, as well as transport hiring and management.

- AP Inmobiliere, with registered offices in Perpignan (France), the statutory activity of which is the development and rental of real estate.

- Accent Graphic, S.L., with registered offices in Santa Perpètua de Mogoda (Spain), dedicated to rendering all types of advertising and graphic design services. Responsible for the corporate image of the Astral Group by designing price lists, catalogues, etc.

- Inmobiliaria Swim 38, S.L.U., with registered offices in Sabadell (Barcelona), the statutory activity of which is the development and rental of real estate.

- Fluidra Services France, S.A.S. with registered offices in Perpignan (France), the principal activity of which involves rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.

- Fluidra South Africa (Pty) Ltd. (before named Astral South Africa (Pty) Ltd.), with registered offices in Brooklyn (Pretoria), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.

- Way Fit, S.L., with registered offices in the Barros industrial estate, Corrales de Buelna (Cantabria), the statutory activity of which comprises management, advisory services and execution of projects and works relating to sports, leisure and health centres, employing its own technical, personnel and organisational resources or subcontracting to third parties.

- Loitech (Ningbo) Heating Equipment, Co, Ltd., with registered offices in Zhenhai (China), the statutory activity of which is the production and installation of swimming pool heating pumps, and products for their assembly.

- Astral Pool (Thailand) Co., Ltd, with registered offices in Samuthprakarn (Thailand), the principal activity of which is the commercialisation of swimming pool accessories.

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 (Thailand) Co., Ltd, with registered offices in Samuthprakarn (Thailand), dedicated to the holding and use of stocks and shares.

- Fluidra Services España, S.L.U., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.

- Fluidra Services Portugal, Unipessoal Lda., with registered offices in Sabadell (Spain), mainly involved in rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.

- Fluidra México, S.A. DE CV. with registered offices in Ciudad de México DF (México), the statutory activity of which is the sale, import, export, manufacture, commercialisation and distribution of parts for swimming pools, irrigation and water treatment systems.

- Fluidra Egypt, with registered offices in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.

- W.I.T. Egypt, with registered offices in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.

- SSA Fluidra Österreich GMBH (before named Schwimmbad-Sauna-Ausstattungs, GMBH), with registered offices in Salzburg (Austria), the principal activity of which is the commercialisation of swimming pool products.
- Splash Water Traders Private Limited, with registered offices in Chennai (India), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Adriatic, D.O.O. with registered offices in Belgrade (Serbia), the principal activity of which is the commercialisation of swimming pool accessories.

- Pø Leg & Teknik A/S with registered offices in Denmark, the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Malaysia SDN BHD with registered offices in Johor (Malaysia), the principal activity of which is the commercialisation of swimming pool accessories.

- Astramatic Malaysia SDN BHD with registered offices in Johor (Malaysia), the principal activity of which is the commercialisation of swimming pool accessories.

- US Pool Holdings, Inc. with registered offices in Delaware (United States) dedicated to the holding and use of shares.

- Aqua Products Inc. (merged with Aquatron Inc.) with registered offices in New Jersey (United States), the principal activity of which is the manufacture and commercialisation of automatic cleaners for private and public pools.

- Aqua Products Inc. (merged with Aquatron Inc.) with registered offices in New Jersey (United States), the principal activity of which is the manufacture and commercialisation of automatic cleaners for private and public 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

- P.S.I. Pool Services Israel, Ltd. with registered offices in Afula (Israel), the principal activity of which is the manufacture and commercialisation of automatic cleaners for private and public pools.

- Fluidra Brasil Indústria e Comércio LTDA. (before named Astral Pool Brasil Participaçoes, LTDA.) with registered offices in Jardim Sao Luis (Brasil), 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.

- -Rotoplastics, S.L., with registered offices in Saint Antonin Noble Val (France), the statutory activity of which is the manufacture of material for swimming pools and water treatment (company winded up in 2011).

<u>Equity accounted associates</u>

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

- Inquevap, A.I.E, with registered offices in Monzón (Huesca), mainly engaged in energy cogeneration activities.

SUBSIDIARIES

31 December 2011

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

Details of fully consolidated subsidiaries

	% Ownership Direct	% Ownership Indirect	
FLUIDRA COMMERCIAL, S.A.U.	100%		
FLUIDRA ESPAÑA, S.A.U.		100%	
SCI 11 RUE DENFERT ROCHEREAU		50%	
FLUIDRA BELGIQUE, S.R.L.		100%	
ASTRAL UK LIMITED		100%	
FLUIDRA DEUTSCHLAND GmbH		100%	
ASTRAL ITALIA, S.P.A.		100%	
FLUIDRA SERVICES ITALIA, S.R.L.		100%	
ASTRAL POOL SWITZERLAND, S.A.		100%	
ASTRAL 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 AS		100%	
ZAO "ASTRAL SNG"		70%	
FLUIDRA MAGYARORSZÁG Kft.		90%	
FLUIDRA CHILE S.A.		99.48%	
FLUIDRA POLSKA, SP. Z.O.O.		95%	
ASTRAL INDIA Pvt, Ltd.		85%	
FLUIDRA PORTUGAL, LDA.		90.862%	
FLUIDRA HELLAS, S.A.		96.96%	Integrated 80% in 2010
ASTRAL POOL MEXICO, S.A. DE C.V.		93.83%	
CATPOOL S.A. de C.V.		92.89%	
POOL SUPPLIER, S.L.U.		100%	
TURCAT POLYESTER SANAYI VE TICARET,A.S.		49.85%	
ASTRAL HOLDINGS AUSTRALIA PTY LTD (3)		100%	
ASTRAL POOL 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		99.9%	
FLUIDRA MEXICO, S.A. DE C.V.		100%	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co. Ltd.		100%	
MTH-Moderne Wassertechnik AG		100%	
ASTRAMATIC, S.A.		100%	
FLUIDRA SOUTH AFRICA (Pty), Ltd.		100%	
WAY FIT, S.L.		70%	
ASTRAL POOL (THAILAND) CO, Ltd.		99%	
FLUIDRA (THAILAND) CO, Ltd.		100%	
PROCEPEX, S.R.L.		100%	
CEPEX S.R.L.		79%	
CEPEX USA INC.		90%	
CEPEX MEXICO, S.A. DE C.V.		100%	
AGROCEPEX, S.A.L.L.		100%	Integrated 56% in 2010
CERTIKIN MIDDLE EAST FZE		100%	
INQUIDE ITALIA, S.R.L.		85%	
SPLASH WATER TRADERS PRIVATE LIMITED		85%	
SSA FLUIDRA ÖSTERREICH GmbH		100%	
FLUIDRA ADROATIC, D.O.O.		60%	(6)
PøLEG & TEKNIK A/S		51%	(6)

FLUIDRA MALAYSIA SDN.BHD.		100% (6)	
ASTRAMATIC MALAYSIA SDN.BHD.		99.9% (6)	
FLUIDRA BRASIL INDUSTRIA E COMERCIO LTDA.		100% (6)	
FLUIDRA INDUSTRY, S.A.U.	100%		
METALAST,S,A,U.		100%	
POLTANK, S.A.U.		100%	Merged with Servaqua, S.A.
SACOPA, S.A.U.		100%	and Llierca Naus, S.A.
UNISTRAL RECAMBIOS, S.A.U.		100%	
TALLERES DEL AGUA, S.L.		100%	
MABER PLAST, S.L.		100%	
TOGAMA, S.A.		100%	
PRODUCTES ELASTOMERS, S.A.		70%	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD.		100%	
TURCAT POLYESTER SANAYI VE TICARET,A.S.		50.00%	
AQUANT TRADING CO, Ltd.		100%	
NINGBO DONGCHUAN SWIMMINGPOOL		70%	
I.D. ELECTROQUÍMICA, S.L.		60%	
PACIFIC INDUSTRIES, S.A.S.		100%	
CEPEX S.A.U.		100%	
INQUIDE, S.A.U.		100%	
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	
LOITECH (NINGBO) HEATING EQUIPMENT CO, Ltd.		80%	
SCI LA CERISAY		99%	
APLICACIONES TÉCNICAS HIDRÁULICAS, S.L.		100%	
U.S. POOL HOLDINGS, INC.		100% (7)	
AQUA PRODUCTS, INC.		100% (7)	Merged with Aquatron, Inc.
P.S.I. POOL SERVICES ISRAEL, LTD		100% (7)	
FLUIDRA USA, LLC.		100% (6)	Merged with Fluidra USA, Inc. (100%)
SWIMCO CORP., S.L.	100.00%		
MANUFACTURAS GRE, S.A.		100%	
PISCIWELLNESS DOMICILIARIO, S.L.U.		100%	
CERTIKIN ITALIA, S.p.A.		94.772%	
ME 2000, S.R.L.		100%	
CERTIKIN INTERNATIONAL, LTD.		100%	
HYDROSWIM International, S.A.S.		100%	
CERTIKIN POOL IBERICA, S.L.		100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	
CALDERERÍA PLÁSTICA DEL NORTE, S.L.		80% (4) - 100%	
AQUAAMBIENTE, S.A.		80%	
FLUIDRA SERVICES FRANCE, S.A.S.	100%		
ASTRAL PISCINE, S.A.S.		100%	
BLUE WATER PARTS, S.A.S.		100%	
EUROPEENNE DE COUVERTEURS AUTOMATIQUES S.A.R.L.		100%	
IRRIGARONNE, S.A.S.		100%	
CERTIKIN FRANCE, S.A.R.L.		100%	
INMOBILIARIA SWIM 38, S.L.	100%		
A.P. IMMOBILIERE		99.9%	
TRACE LOGISTICS, S.A.	100%		
ACCENT GRAPHIC, S.L.	100%		
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%		
FLUIDRA SERVICES PORTUGAL, Unipessoal Lda	100%		

Details of equity accounted subsidiaries

INQUEVAP, A.I.E.	30%
ASTRAL NIGERIA, LTD. (1)	25%

Details of companies consolidated at cost

DISCOVERPOOLS COM, INC. (2)	11%

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.
(2) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup and the Fluidra Industry, S.A. and subsidiaries subgroup.
(3) Astral Holdings Australia Pty Ltd is a group of companies in which the parent company holds a 100% interest in the share capital of the Astral Pool Australia Pty Ltd, Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, Rolachem Pty Ltd and Hendy Manufacturing Pty Ltd.
(4) Companies which have been fully integrated in the anual accounts and have derecognised the carrying amount of minority interests (see note 5)
(5) During the present year, The company rotoplastics, S.L. has been winded up, integrated 100% in 2010.
(6) New companies of 2011
(7) Companies acquiered in 2011.

Fluidra, S.A. and Subsidiaries

Details of results by segment
for the year ended 31 December 2011
(expressed in thousands of Euros)

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

	SWE	NEEMEA	AAP	INDUSTRY	Shared services	Adjustments and derecognition	Total consolidated figures
	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011
Sales to third parties	306,413	102,690	97,332	117,549	56	-	624,040
Sales to third parties in Spain	104,302	1,751	2,261	32,828	56	-	141,198
Sales to third parties in France	97,607	54	491	31,580	-	-	129,732
Inter-segment sales	16,558	4,589	23,420	179,662	27,670	(251,899)	-
Sales of goods for resale and finished goods of the segment	322,971	107,279	120,752	297,211	27,726	(251,899)	624,040
Income from services rendered self-construted non-current assets	5,546	788	926	7,657	2,727	(1,954)	15,690
Depreciation and amortisation and impairment	(2,490)	(644)	(1,507)	(15,510)	(4,191)	(8,991)	(33,333)
Results from operating activities of reportable segments	15,265	10,238	8,873	37,989	(26,334)	(11,241)	34,790
Finance income	545	157	194	651	4,617	(926)	5,238
Finance expenses	(1,357)	(255)	(575)	(3,923)	(10,138)	595	(15,653)
Exchange differences	(101)	(666)	(403)	(155)	(877)	(566)	(2,768)
Share of profit/ (loss) of associates	-	-	-	-	31	-	31
Profit before income tax	14,352	9,474	8,089	34,562	(32,701)	(12,138)	21,638
Income tax recoverable / (expense)	(3,320)	(1,371)	(2,529)	(8,665)	2,576	8,910	(4,399)
Profit from continuing operations	11,032	8,103	5,560	25,897	(30,125)	(3,228)	17,239
Other significant non-monetary items before income tax:	(4,212)	(678)	(1,286)	973	653	1,825	(2,725)

This Appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries as at and for the years ended 31 December 2011 and 2010 prepared in conformity with EU-IFRS, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

Details of results by segment
for the year ended 31 December 2010
(expressed in thousands of Euros)

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

	SWE	NEEMEA	AAP	INDUSTRY	Shared services	Adjustments and derecognition	Total consolidated figures
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010
Sales to third parties	304,324	94,692	86,960	95,201	68	-	581,245
Sales to third parties in Spain	110,022	3,097	2,620	34,215	68	-	150,022
Sales to third parties in France	90,087	25	576	28,499	-	-	119,187
Inter-segment sales	11,652	4,200	22,022	178,333	26,452	(242,659)	-
Sales of goods for resale and finished goods of the segment	315,976	98,892	108,982	273,534	26,520	(242,659)	581,245
Income from services rendered self-construted non-current assets	4,985	833	1,271	4,927	2,310	173	14,499
Depreciation and amortisation and impairment	(2,433)	(560)	(1,338)	(15,043)	(4,118)	(9,880)	(33,372)
Results from operating activities of reportable segments	15,569	8,882	9,999	33,397	(24,843)	(14,658)	28,346
Finance income	320	182	150	424	3,813	(665)	4,224
Finance expenses	(1,133)	(205)	(522)	(2,143)	(6,390)	559	(9,834)
Exchange differences	229	36	27	769	(774)	447	734
Share of profit/ (loss) of associates	-	-	-	-	76	-	76
Profit before income tax	14,985	8,895	9,654	32,447	(28,118)	(14,317)	23,546
Income tax recoverable / (expense)	(1,855)	(1,127)	(2,468)	(7,413)	2,216	4,889	(5,758)
Profit from continuing operations	13,130	7,768	7,186	25,034	(25,902)	(9,428)	17,788
Other significant non-monetary items before income tax:	(2,693)	(829)	(695)	(751)	(280)	(1,464)	(6,712)

This Appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries as at and for the years ended 31 December 2011 and 2010 prepared in conformity with EU-IFRS, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

Details of assets and liabilities by segment
for the year ended 31 December 2011
(expressed in thousands of Euros)

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

	SWE	NEEMEA	AAP	INDUSTRY	Shared services	Not allocated	Derecognition	Total consolidated figures
	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011
Assets								
Total non-current assets Spain	5,238	577	26	53,711	32,023	588,906	-	680,481
Total non-current assets Other	10,836	2,883	8,337	73,871	2,840	46,040	-	144,807
Total non-current assets Derecognised	-	-	-	-	-	-	(432,736)	(432,736)
Total non-current assets	16,074	3,460	8,363	127,582	34,863	634,946	(432,736)	392,552
Operating current assets[1]	131,160	41,878	50,488	138,394	38,558	-	(107,755)	292,722
Operating current liabilities[2]	56,249	22,140	32,806	53,536	20,064	-	(85,180)	99,614
Net working capital	74,911	19,738	17,682	84,858	18,494	-	(22,575)	193,108
Non-operating current assets	-	-	-	-	-	279,615	(187,436)	92,179
Non-operating current liabilities	-	-	-	-	-	313,905	(187,713)	126,192
Total current assets	131,160	41,878	50,488	138,394	38,558	279,615	(295,191)	384,901
Total current liabilities	56,249	22,140	32,806	53,536	20,064	313,905	(272,894)	225,807
Total non-current liabilities	-	-	-	-	-	217,642	7,580	225,222
Additions of non-current assets other than financial instruments and deferred tax assets	2,226	1,387	1,817	13,170	2,786	81	-	21,466

[1] Defined as inventories and trade and other receivables

[2] Defined as trade and other payables

This Appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries as at and for the years ended 31 December 2011 and 2010 prepared in conformity with EU-IFRS, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

Details of assets and liabilities by segment
for the year ended 31 December 2010
(expressed in thousands of Euros)

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

	SWE	NEEMEA	AAP	INDUSTRY	Shared services	Not allocated	Derecognition	Total consolidated figures
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2010
Assets								
Total non-current assets Spain	10,313	621	29	54,303	34,429	508,172	-	607,867
Total non-current assets Other	11,281	2,605	8,277	3,148	3,540	22,920	-	51,771
Total non-current assets Derecognised	-	-	-	-	-	-	(327,693)	(327,693)
Total non-current assets	21,594	3,226	8,306	57,451	37,969	531,092	(327,693)	331,945
Operating current assets[1]	137,793	40,000	44,022	126,621	36,367	-	(112,723)	272,080
Operating current liabilities[2]	56,928	26,882	26,602	49,918	18,902	-	(90,585)	88,647
Net working capital	80,865	13,118	17,420	76,703	17,465	-	(22,138)	183,433
Non-operating current assets	-	-	-	-	-	185,489	(81,150)	104,339
Non-operating current liabilities	-	-	-	-	-	215,495	(81,107)	134,388
Total current assets	137,793	40,000	44,022	126,621	36,367	185,489	(193,873)	376,419
Total current liabilities	56,928	26,882	26,602	49,918	18,902	215,495	(171,692)	223,035
Total non-current liabilities	-	-	-	-	-	153,298	15,586	168,884
Additions of non-current assets other than financial instruments and deferred tax assets	2,364	891	2,272	10,338	1,759	169	-	17,793

[1] Defined as inventories and trade and other receivables

[2] Defined as trade and other payables

This Appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries as at and for the years ended 31 December 2011 and 2010 prepared in conformity with EU-IFRS, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

Details of investments and positions held by the directors in other companies
31 December 2011

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

Name	Company	Position held	Ownership %	Number of shares
Eloy Planes Corts	Astral Nigeria, Ltd.	Director	---	---
	Astral Italia, S.P.A.	Sole director	---	---
	Astral Bazenove Prislusentsvi, S.R.O.	Joint and several director	---	---
	Astral India Private, Limited	Director	---	---
	Fluidra Singapore, Pte Ltd.	Director	---	---
	Certikin International, Limited	Director	---	---
	AP Inmobiliere	Sole director	---	---
	Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi	Director	---	---
	Cepex USA, Inc.	Director	---	---
	Zao Astral, SNG	Director	---	---
	Fluidra Polska, S.A.	Director	---	---
	Astral Pool México, S.A. de C.V.	Director	---	---
	Astral Scandinavia AS/	Director	---	---
	Fluidra Magyarország Kft.	Joint and several director	---	---
	Fluidra USA, Inc.	Director	---	---
	Fluidra Chile, Sociedad Anónima Cerrada	Director	---	---
	Fluidra Deutschland Gmbh	Joint and several director	---	---
	Fluidra Hellas	Director	---	---
	Fluidra Balkans JSC	Director	---	---
	Moderne Wassertechnick AG (MTH)	Director	---	---
	Catpool, S.A. de C.V.	Director	---	---
	Astral pool UK, Limited	Director	---	---
	Fluidra Tr Sv Ve Havuz Equipmanlari AS	Director	---	---
	Fluidra Industry, S.A.U.	Representative of the sole director Fluidra, S.A.	---	---
	Fluidra Commercial, S.A.U.	Representative of the sole director Fluidra, S.A.	---	---
	Inmobiliaria Swim 38, S.L.U.	Representative of the sole director Fluidra, S.A.	---	---
	Swimco Corp, S.L.U.	Representative of the sole director Fluidra, S.A.	---	---
	Fluidra Cyprus, Ltd	Director	---	---
	Inquide Italia, SRL	Director	---	---
	Cepex, S.R.L.	Director	---	---
	Certikin Italia, Spa	Director	---	---
	Astral Pool Thailand, Co., Ltd	Joint and several director	---	---
	Fluidra Thailand, Co., Ltd	Joint and several director	---	---
	Fluidra South Africa, Pty, Ltd	Joint and several director	---	---
	Astral Pool Switzerland, S.A.	Proxy		
	DISPUR, S.L. (*)	Board member	10.00%	12,194.00

This Appendix forms an integral part of note 31 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries as at and for the years ended 31 December 2011 and 2010 prepared in conformity with EU-IFRS, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

Details of investments and positions held by the directors in other companies
31 December 2011

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

Name	Company	Position held	Ownership %	Number of shares
Eloy Planes Corts	Fluidra Adriatic, D.O.O.	Director / Chairman	---	---
	Fluidra Malaysia SDN, BHD..	Director	---	---
	U.S. Pool Holdings, Inc.	Director / Chairman	---	---
	Aquatron, Inc.	Director / Chairman	---	---
	Aquaproducts, Inc.	Director / Chairman	---	---
	P.S.I. Pool Services Israel, Ltd-	Director / Chairman	---	---
	Fluidra, S.A.	Sole director	0.0592%	66,621
	Astral Pool Australia Pty Ltd.	Director	---	---
	Po Leg & Teknik A/S.	Director	---	---
	Aquaambiente, S.A.	Director	---	---

Fluidra, S.A. and Subsidiaries

Details of investments and positions held by the directors in other companies
31 December 2011

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

Name or company name of shareholder	Company	% ownership	Position held
D. Juan Planes Vila	Dispur, S.L.(*) Preblau, S.R.L. (indirectly through Dispur)	51.34% 75.01%	Chairman
D. Oscar Serra Duffo			
D. Bernardo Corbera Serra			
D. Bernat Garrigós Castro			
BanSabadell Inversió Desenvolupament, S.A.			
Sr. Juan Ignacio Acha-Orbea Echevarría			
D. Kam Son Leong			
D. Richard J. Cathcart			
Grupo Corporativo Empresarial de la Caja de Ahorros y Monte de Piedad de Navarra, S.A.U.			