FLUIDRA, S.A.
AND SUBSIDIARIES

Consolidated Annual Accounts and Consolidated Directors' Report

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

31 December 2013

(With Consolidated Auditors' Report Thereon)

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

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2013

SUMMARY

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

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Financial Position

31 December 2013 and 2012

(Expressed in thousands of Euros)

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

Assets	Notes	31.12.13	31.12.12
Property, plant and equipment	6	109,362	114,599
Investment property	8	1,122	1,374
Goodwill	7	183,135	189,525
Other intangible assets	6	47,158	56,859
Equity-accounted investments	9	88	269
Non-current financial assets	10	4,408	5,677
Derivative financial instruments	11	39	216
Other receivables	13	2,012	3,265
Deferred tax assets	28	31,521	24,225
Total non-current assets		378,845	396,009
Inventories	12	134,426	141,187
Trade and other receivables	13	145,743	149,034
Other current financial assets	10	2,485	4,912
Derivative financial instruments	11	21	7
Cash and cash equivalents	14	59,850	51,567
Total current assets		342,525	346,707
TOTAL ASSETS		721,370	742,716
Equity			
Capital		112,629	112,629
Share premium		92,831	92,831
Retained earnings and other reserves		92,076	115,376
Treasury shares		(697)	(1,037)
Other comprehensive income		(6,740)	1,879
Equity attributable to shareholders of the Parent	15	290,099	321,678
Non-controlling interests		13,002	10,862
Total equity		303,101	332,540
Liabilities			
Loans and borrowings	18	147,964	166,230
Derivative financial instruments	11	1,442	2,654
Deferred tax liabilities	28	26,585	28,619
Provisions	17	6,627	6,350
Government grants		1,185	921
Other non-current liabilities	20	27,431	31,845
Total non-current liabilities		211,234	236,619
Loans and borrowings	18	103,112	73,712
Trade and other payables	19	99,656	96,832
Provisions	17	3,189	2,586
Derivative financial instruments	11	1,078	427
Total current liabilities		207,035	173,557
TOTAL EQUITY AND LIABILITIES		721,370	742,716

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

Fluidra, S.A. and Subsidiaries

Consolidated Income Statements

31 December 2013 and 2012

(Expressed in thousands of Euros)

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

	Notes	31.12.13	31.12.12
Operating income			
Sale of merchandise and finished goods		592,678	628,758
Services rendered	23	11,495	11,922
Self-constructed assets		5,400	6,855
Total operating income		609,573	647,535
Operating expenses			
Changes in inventories of finished goods and work in progress and raw material supplies	22	(301,397)	(315,163)
Personnel expenses	24	(142,700)	(142,686)
Depreciation and amortisation and impairment	6, 7, 8, 10 y 13	(39,851)	(46,255)
Other operating expenses	26	(123,783)	(122,007)
Total operating expenses		(607,731)	(626,111)
Operating profit		1,842	21,424
Finance costs/income			
Finance income		8,512	18,191
Finance costs		(23,624)	(19,080)
Exchange gains/ (losses)		(2,551)	183
Net finance cost	27	(17,663)	(706)
Share in profit for the year of equity-accounted investments	9	40	88
Profit/(loss) before income tax		(15,781)	20,806
Income tax expense	28	4,199	(4,232)
Profit/(loss) after income tax		(11,582)	16,574
Profit attributable to non-controlling interests		(1,345)	2,068
Equity attributable to shareholders of the Parent		(10,237)	14,506
EBITDA	34	47,702	72,215
Basic and diluted earnings per share (expressed in Euros)	16	(0.09114)	0.13133

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Comprehensive Income
for the years ended 31 December 2013 and 2012

(Expressed in thousands of Euros)

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

		31.12.13	31.12.12
Profit/(loss) for the year		(11,582)	16,574
Other comprehensive income:			
Amounts that will not be reclassified to profit or loss			
Recalculation of defined benefit plans		-	(140)
Tax effect		-	35
Amounts that will be reclassified to profit or loss			
Cash flow hedges	Note 11	553	(1,257)
Translation differences of financial statements of foreign operations		(9,530)	(2,300)
Tax effect		(165)	371
Other comprehensive income for the year, net of income tax		(9,142)	(3,291)
Total comprehensive income for the year		(20,724)	13,283
Total comprehensive income attributable to:			
Shareholders of the Parent		(18,874)	11,262
Non-controlling interests		(1,850)	2,021
		(20,724)	13,283

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Changes in Equity
for the years ended 31 December 2013 and 2012

(Expressed in thousands of Euros)

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

	Equity attributable to shareholders of the Parent									
						Other comprehensive income				
	Capital	Share premium	Legal reserve	Retained earnings	Treasury shares	Translation differences	Other	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	112,629	92,831	10,384	105,692	(8,368)	5,425	(302)	318,291	8,134	326,425
Adjustments for errors				(5,042)				(5,042)	(2,161)	(7,203)
Restated balance at 1 January 2012	112,629	92,831	10,384	100,650	(8,368)	5,425	(302)	313,249	5,973	319,222
Total comprehensive income for the year	-	-	-	14,506	-	(2,253)	(991)	11,262	2,021	13,283
Additions of entities	-	-	-	-	-	-	-	-	4,750	4,750
Disposal of entities	-	-	-	-	-	-	-	-	(825)	(825)
Changes in investments	-	-	-	(62)	-	-	-	(62)	62	-
Treasury shares	-	-	-	(2,438)	7,331	-	-	4,893	-	4,893
Share-based payments	-	-	-	300	-	-	-	300	-	300
Other	-	-	220	(184)	-	-	-	36	(1)	35
Dividend	-	-	-	(8,000)	-	-	-	(8,000)	(1,118)	(9,118)
Balance at 31 December 2012	112,629	92,831	10,604	104,772	(1,037)	3,172	(1,293)	321,678	10,862	332,540
Total comprehensive income for the year	-	-	-	(10,237)	-	(9,025)	388	(18,874)	(1,850)	(20,724)
Changes in investments	-	-	-	(5,133)	-	-	-	(5,133)	5,133	-
Treasury shares	-	-	-	(136)	340	-	-	204	-	204
Share-based payments	-	-	-	343	-	-	-	343	-	343
Other	-	-	35	(172)	-	18	-	(119)	-	(119)
Dividend	-	-	-	(8,000)	-	-	-	(8,000)	(1,143)	(9,143)
Balance at 31 December 2013	112,629	92,831	10,639	81,437	(697)	(5,835)	(905)	290,099	13,002	303,101

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Cash Flows
for the years ended 31 December 2013 and 2012

(Expressed in thousands of Euros)

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

	Note	2013	2012
Cash flows from operating activities			
Profit for the year before tax		(15.781)	20.806
Adjustments for:			
Amortisation and depreciation	6	34.646	33.786
Provision for bad debts		11.117	5.672
Provision / (Reversal) for/of impairment losses		5.206	12.469
Provision / (Reversal) for/of impairment losses on financial assets	17	1.248	-
Provision / (Reversal) for/of losses for liabilities and charges	10	1.487	674
Provision / (Reversal) for/of losses on inventories		(1.851)	(3.452)
Income from financial assets	17	(6.066)	(4.787)
Finance costs	17	22.186	18.249
Profit/(losses) on sale of associates	17	190	-
Exchange (gains)/losses		(551)	(247)
Share of profit/(loss) of equity-accounted associates		(40)	(88)
(Profit)/losses on sale of property, plant and equipment and other intangible assets		(207)	(386)
Profit/(loss) on sale of subsidiaries		(584)	-
Government grants taken to income		(202)	(139)
Share-based payment costs		343	300
Adjustments to the consideration transferred in business combination through profit or loss	17	(2.208)	(13.404)
(Gains)/losses from derivative financial instruments at fair value through profit or loss		(455)	391
Operating profit before changes in working capital		48.477	69.844
Changes in working capital, excluding effects of acquisitions and translation differences			
Increase/(decrease) in trade and other receivables		(1.550)	(12.449)
Increase/(decrease) in inventories	13	3.503	3.685
Increase/(decrease) in trade and other payables		1.977	(3.378)
Application of provisions	10	(554)	(552)
Cash from operating activities		51.853	57.150
Interest paid		(18.523)	(17.777)
Interest received		6.066	4.680
Income tax paid		(5.705)	(10.032)
Net cash from operating activities		33.691	34.021
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		787	1.020
Proceeds from sale of other intangible assets		12	-
Proceeds from sale of financial assets		3.151	22.606
Dividends received		77	46
Acquisition of property, plant and equipment		(12.508)	(13.911)
Acquisition of intangible assets		(8.707)	(9.380)
Acquisition of other financial assets		(1.513)	(2.637)
Payments for acquisition of subsidiaries, net of cash and cash equivalents	5	(1.132)	(383)
Payments for acquisition of subsidiaries in prior years	5	(8.952)	(9.957)
Net cash used in investing activities		(28.785)	(12.596)
Cash flows from financing activities			
Surrender of treasury shares		(541)	(763)
Sale of treasury shares		745	5.656
Acquisition of non-controlling interests	5	-	(382)
Grants received		466	267
Bank borrowings received		42.446	119.640
Loans and borrowings and finance leases		(29.354)	(151.057)
Dividends paid		(9.142)	(9.118)
Net cash from/(used in) financing activities		4.620	(35.757)
Net increase/(decrease) in cash and cash equivalents		9.526	(14.332)
Cash and cash equivalents at 1 January		51.566	65.817
Effect of exchange differences on cash flows		(1.243)	81
Cash and cash equivalents at 31 December		59.849	51.566

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

1. Nature, Principal Activities and Group Composition

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

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

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

The Group's activity consists of the manufacture and commercialisation of accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.

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

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 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of Fluidra, S.A. and subsidiaries at 31 December 2013 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

a) Basis of preparation of the consolidated annual accounts

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

In addition, as a result of the decision to wind up the Projects division, the related assets have been recognised at their expected liquidation values, when these are less than their carrying amounts.

b) Comparative information

The accompanying consolidated annual accounts for 2013 also include for each individual caption of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and disclosures in the notes to the consolidated accounts, comparative consolidated figures from the annual accounts for 2012, approved by the shareholders at their general meeting on 5 June 2013, with the exception of the impacts indicated in the following paragraph.

During 2013 irregularities were detected in the accounts of a subsidiary, in relation to the recognition of work in progress, arising from discrepancies between the margin recorded by the company based on the percentage of completion method and the real observed margin. The impact of these irregularities has been quantified through individual analysis of the projects for each of the affected years. The impacts originating from 2009, 2010 and 2011 have been recognised in adjustments and errors for 2011 and prior years in the statement of total changes in equity, restated in the statements of financial position at 31 December 2012. (See note 34).

The Group's accounting policies, described in note 3, have been consistently applied to the year ended 31 December 2013 and to the accompanying comparative information at 31 December 2012, with the exception of the matters indicated in the following paragraph.

(Continued)

As a result of the application of the amended IAS 1, the Group has modified how it presents the items included in the consolidated statement of comprehensive income to show items which will subsequently be taken to the income statement separately from those which will not. The comparative information has been adapted accordingly. In addition, the comparative information for 2012 does not include the disclosures required by the transitional provisions of IFRS 13.

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

The directors of the Parent consider that the consolidated annual accounts for 2013, authorised for issue on 27 March 2014, will be approved with no changes by the shareholders at their annual general meeting.

As a consequence of the acquisitions mentioned in note 5, the effects of these business combinations should be considered in the comparative figures for 2013 and 2012.

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

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

The Group’s consolidated annual accounts for 2013 include estimates on the value of assets, liabilities, income, expenses and commitments recognised, which were subsequently ratified by the board of directors. These estimates mainly comprise:

- The useful life and fair value of customer portfolios and other intangible assets (see note 7),
- Assumptions used to calculate the value in use of various Cash Generating Units (CGU) or groups of CGU to measure the possible impairment of goodwill or other assets (see note 7).
- Evaluation of the recoverability of deferred tax assets.
- Evaluation of the technical and commercial viability of development projects underway,
- Estimate of the provisions for bad debts and inventory obsolescence.
- Fair value of financial instruments and certain unquoted financial assets (see notes 10 and 11).
- Assumptions used to determine the fair value of the assets, liabilities and contingent liabilities related with the Aqua, Youli and Veico business combinations (see note 5 and 20).
- The fair value of the Company's share ownership obligations with management.
- The liquidation value of the assets of the Projects division.
- Estimates and judgements in relation to the provisions for litigation.
- Evaluation of the recoverability of tax credits, including prior years' tax losses and entitlements to deductions. Deferred tax assets are recognised when taxable profits will be available against which temporary differences can be utilised, based on management assumptions in relation to the amount and timing of payments of future taxable profits. Furthermore, in the case of deferred tax assets relating to investments in Group companies, for capitalisation consideration is given to whether they will be reversed in the foreseeable future (see notes 4 r and 28).

Although estimates were based on the best information available at 31 December 2013, future events may require these estimates to be modified (increased or decreased) in subsequent periods or years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

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

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

- Reasons justifying the capitalisation of development projects (see notes 3 d) ii) and 7).

d) Changes to IFRS-EU in 2013

The following accounting standards (IFRS) and interpretations (IFRIC) became effective in the accounting period beginning 1 January 2013 but have not had a significant impact on the Group or have not been applied by the Group to these consolidated annual accounts:

- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 1 January 2013.
- IAS 19 Employee Benefits. Effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income. Effective for annual periods beginning on or after 1 July 2012.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. This interpretation applies to annual periods beginning on or after 1 January 2013.
- Amendment to IFRS 7 Financial Instruments: Disclosures: Amendment to disclosures regarding the settlement of financial assets and financial liabilities. The standard applies to annual periods starting on or after 1 January 2013.
- Amendments to IAS 12 - Recovery of Underlying Assets. Effective for annual periods beginning on or after 1 January 2013.

  Amendments to IFRS 1 - Government Loans. Effective for annual periods beginning on or after 1 January 2013.
- Annual Improvements 2009-2011 Cycle Effective for annual periods beginning on or after 1 January 2013.

These consolidated annual accounts have been prepared without considering the IFRS-EU, amendments thereto and interpretations thereof issued effective for periods beginning on or after 1 January 2014 detailed below:

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

- Amendment to IAS 36: Disclosures regarding impairment of assets: Effective for annual periods beginning on or after 1 January 2014.

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.

3. Significant Accounting Principles

A summary of the most significant principles is as follows:

a) Consolidation principles

i) Subsidiaries and business combinations

Subsidiaries are entities, including special purpose entities (SPE), over which the Group, either directly or indirectly through subsidiaries, exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

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

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

Business combinations carried out prior to 1 January 2010

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

The cost of a business combination was 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 were classified as held for sale, which were 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 consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Business combinations carried out after 1 January 2010

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

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

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

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.

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

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

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

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

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

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

Transactions with non-controlling interests.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions, rather, the difference between the consideration transferred or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, without prejudice to reclassifying consolidation reserves and reallocating other comprehensive income between the Group and the non-controlling interests. When a Group's interest in a subsidiary diminishes, non-controlling interests are recognised at their share of the consolidated net assets.

Put options extended prior to 1 January 2010

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

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

Put options extended after 1 January 2010

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

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

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

iii) Associates

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

iv) Impairment

The Group applies the impairment criteria in IAS 39 Financial Instruments - Recognition and Measurement to determine the need to recognise additional impairment losses to those already recognised in the net investment in the associate or in any other financial asset therein as a result of applying the equity method.

b) Foreign currency

i) Functional currency and presentation currency

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

ii) Foreign currency transactions and balances

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

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

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

iii) Translation of foreign operations

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

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

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

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

c) Property, plant and equipment

i) Assets for own use

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

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

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

ii) Leased properties

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

iii) Subsequent costs

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

iv) Depreciation

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. Property, plant and equipment are depreciated using the following criteria:

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

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

v) Impairment

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

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 any accumulated impairment losses.

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

Internally generated goodwill is not recognised as an asset.

ii) Internally generated intangible assets

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

- The Group has technical studies that demonstrate the feasibility of the production process.

- The Group has undertaken a commitment to complete production of the asset, to make it available for sale;

- The asset will generate sufficient future economic benefits through future sales in the markets in which the Group operates;

- The Group has sufficient technical and financial (or other) resources to complete development of the asset and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

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

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

Replacements or subsequent costs incurred on intangible assets are generally recognised as an expense, except where they increase the future economic benefits expected to be generated by 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 costs relating to research and development projects are recognised in accordance with the criteria for internally generated intangible assets.

Customer portfolios acquired mainly relate to the value of the relationship between the corresponding company and its clients, which is based on a contractual foundation and, therefore, its status as an intangible asset is based on contractual-legal criteria. In addition, the patents acquired include the value of the technology required to manufacture certain products, which are based on contractual-legal criteria. These items are measured using the market value obtained from commonly accepted measurement criteria based on discounted future cash flows. Finite useful lives have been calculated based on historical evidence of the continued renewal of the relationship with these clients and based on the time remaining to use these patents, bearing in mind the expected technological obsolescence.

iv) Other intangible assets

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

v) Useful life and amortisation rates

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

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

Intangible assets with finite useful lives are amortised based on the following useful lives:

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

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

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

vi) Impairment

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

e) Investment property

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

The Group measures investment property subsequent to its initial recognition, following the cost criteria established for property, plant and equipment. Details of the depreciation method and useful lives are provided in that note.

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.

The Group tests goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready to enter service for potential impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

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

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

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

Impairment losses 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.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

The reversal of impairment losses is reflected in the consolidated income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

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

g) Leases

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

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

i) Finance leases

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

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

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

h) Financial instruments

i) Classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

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

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

ii) Offsetting principles

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

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

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;
- Forms part, on initial recognition, of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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

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

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

iv) Loans and receivables

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

v) Available-for-sale financial assets

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

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

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

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

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

vi) Amortised cost

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. 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 do 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.

vii) Impairment and uncollectibility 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.

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, their carrying amount is eliminated against the allowance account. Reversals of impairment are also recognised against the allowance account.

- *Impairment of financial assets carried at amortised cost*

In the case of financial assets carried at amortised cost, the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit 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. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

- *Impairment of financial assets carried at cost*

In the case of financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed and are therefore recognised directly against the value of the asset and not as an allowance account.

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

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

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

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

viii) Financial liabilities

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

ix) Derecognition of financial assets

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

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

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

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

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

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

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

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

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

i) Derivatives and hedge accounting

The Group uses derivative financial instruments to hedge exposure to currency and interest rate risks arising from its activities. In accordance with its treasury policy, the Group does not acquire or hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments and are measured as financial assets and financial liabilities at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value.

The Group hedges interest rate risk in cash flows. At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedging accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk throughout the period for which the hedge was designated (prospective analysis) and actual effectiveness, which can be reliably measured, is within a range of 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 with a debit or credit to finance costs or finance income.

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

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the associated gains and losses that were recognised in 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 these cases, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income is not recorded in profit or loss until the forecast transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in other comprehensive income is reclassified to finance income or finance costs.

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

j) Inventories

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

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

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

The Group uses the same cost model for all inventories of the same nature and with a similar use.

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:

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

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

k) Cash and cash equivalents

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

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

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

l) Equity instruments

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

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

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

Dividends are recognised as a reduction in consolidated equity when approved by the shareholders at their general meeting.

m) Government grants

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

i) Capital grants

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

ii) Operating grants

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

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

iii) Interest rate grants

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

n) Employee benefits

i) Termination benefits

The Group recognises termination benefits that do not relate to restructuring processes in progress when it is demonstrably committed to terminating the employment of current employees prior to retirement date. The Group is demonstrably committed to terminating the employment of current employees when it has a detailed formal plan and is without realistic possibility of withdrawing or changing the decisions made.

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

ii) Restructuring-related termination benefits

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

iii) Other long-term employee benefits

The Group has assumed the payment to its employees of obligations arising from the collective labour agreements to which certain Spanish Group companies adhere. Based on this collective labour agreement personnel with at least 25 or 40 years of service to the Company will receive 45 days or 75 days, respectively, of the last fixed salary. The Group has recognised the estimated liability for this commitment under provisions on the consolidated statement of financial position.

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

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

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

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

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

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

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

iv) Short-term employee benefits

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

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

o) Provisions

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted.

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

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

p) Share-based payment transactions

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

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

Share-based payment transactions are recognised as follows:

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

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

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

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date, though this does not affect the corresponding reclassifications in equity.

q) Recognition of income

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

i) Sale of goods

The Group recognises revenue from the sale of goods when:

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

The Group sells certain assets with the right for the buyers to return the goods. In these cases, the sale of the goods is recognised when the above conditions are met and it is possible to estimate future returns reliably based on experience and other relevant factors. Estimated returns are recognised 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) Services rendered

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

iii) Dividend income

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

r) Income taxes

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

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for a period. Current tax assets or liabilities are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted 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 statement of financial position 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 are recognised as a reduction in the income tax expense when there is reasonable assurance that the Group will comply with the conditions attached to the right to deduction.

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

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

i) Taxable temporary differences

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

- They arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, 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.

ii) Deductible temporary differences

Deferred tax assets are recognised provided 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 when assessing the recoverability of deferred tax assets and if the Group intends to use these opportunities or it is probable that they will be utilised.

iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting 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 which do not meet the above conditions are not recognised in the consolidated statement of financial position. 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 offset the recognised amounts and it intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group only offsets 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.

s) 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.

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

The Group classifies assets and liabilities in the statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

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

u) 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.

v) Environmental issues

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 assets, applying the measurement criteria described in section (c) of this note.

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

4. Segment Reporting

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

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

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

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

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

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

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

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.

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

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

Details of financial information by the Group's business segments for 2013 and 2012 are shown in Appendices II and III of these consolidated annual accounts.

5. **Business Combinations**

Details of operations involving the most significant business combinations during 2013 and 2012 are as follows:

2013

- On 22 February 2013 the Group acquired a 87% interest in Veico Com. Br. Indústria e Comércio, Lda, to reinforce its presence in the Brazilian market. A fixed price was paid for the acquisition. As a result of this acquisition, the non-controlling shareholder has extended a call option on the remaining 13%, expiring on 31 October 2013. At 31 December 2013 the strike price of the option is still under negotiation and the Group has recognised a current liability for its best estimate of the strike price, amounting to Euros 502 thousand (see note 19) and has derecognised the carrying amount of the non-controlling interests.

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

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

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

	Thousands of Euros
Consideration given	
Cash paid	1,149
Contingent consideration	887
Total consideration given	2,036
Fair value of net assets acquired	924
Goodwill (note 7(a))	1,112

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

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

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

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

2012

- On 30 March 2012, the Group acquired a 100% interest in Pools, S.A.S.

  Through the acquisition of Pools, S.A.S. the Fluidra Group added to the Group a network of commission agents in charge of distribution in the large outlet channel throughout Europe. For this reason the company has been included in the Manufacturas Gre, S.A. CGU.

  This acquisition has not contributed to revenue from sales of the Group's merchandise and finished goods. In the period from the acquisition date to 31 December 2012, it contributed a loss of Euros 126 thousand. Had this acquisition taken place on 1 January 2012, consolidated profit after tax would have been reduced by Euros 10 thousand.

- On 9 October 2012 the Group acquired the production activity of Youli, a company which develops, produces and sells fluid handling products and accessories in China.

  This acquisition gave the Fluidra Group a strategic manufacturing position in fluid handling in China in order to expand commercially in the local fluid handling market, and also enabled it to begin manufacturing products with greater added value in this geographical area, for which the Group already had the technological capability. Due to the production synergies generated, this acquisition has been included in the Fluidra Operaciones CGU (previously Fluidra Industrial).

  The annual pro forma sales figure of this manufacturing business acquired in 2012 was RMB 97 million (Euros 12 million), and its main market is China.

  This acquisition is structured as a creation of a new company (Fluidra Youli Fluid Systems (Wenzhou) Co. Ltd.) of which the Fluidra Group holds 70% (contributing RMB 38.7 million (Euros 4,846 thousand) in cash) and the seller of the business holds 30% (contributing RMB 16.6 million (Euros 2,077 thousand) in assets).

The acquisition price was structured in the form of these contributions and a contingent price calculated on the basis of the gross margin contributed by the sales made by this company (in the two years following the acquisition) to the sales business held by the seller. This contingent price has a maximum limit of RMB 112.4 million (Euros 15,388 thousand). The Group estimated the fair value of the liability at the date of acquisition through various projected gross margin performance scenarios. On the basis of the estimates made, the maximum amount would be RMB 124.3 million whilst the most pessimistic assumptions envisage payment of RMB 102.3 million. The Group has estimated the value of the contingent liability at Euros 14,488 thousand.

The business acquired generated total consolidated sales of merchandise and finished goods and profit attributable to the Parent in the period from the acquisition date to 31 December 2012 of Euros 5,576 thousand and Euros 611 thousand, respectively. Had this acquisition taken place on 1 January 2012, sales of the Group's merchandise and finished goods would have increased by Euros 6,341 thousand and the profit attributable to the Parent would have been reduced by Euros 182 thousand.

The detail of the consideration given, of the fair value of the net assets acquired and the goodwill generated by business combinations carried out in 2012 is as follows:

	Thousands of Euros
Consideration given	
Cash paid	5,351
Contingent consideration and deferred payment	15,160
Total consideration given	20,511
Fair value of net assets acquired	11,502
Goodwill	9,009

The intangible assets that have not been recognised separately from goodwill and therefore included in goodwill as they do not meet the separability criteria required under IFRS-EU, are mainly distribution networks, the workforce and the synergies arising on the businesses acquired. Goodwill arising in these acquisitions is not expected to be tax deductible.

The amounts recognised in the consolidated statement of financial position at the acquisition date for the assets, liabilities and contingent liabilities of the business acquired in 2012 are as follows:

	Thousands of Euros	
	Fair value	Previous carrying amount
Property, plant and equipment	2,077	2,077
Other intangible assets (note 7(b))	12,253	-
Trade and other receivables	55	55
Cash and cash equivalents	4,968	4,968
Total assets	19,353	7,100
Trade and other payables	29	29
Deferred tax liabilities	3,108	-
Total liabilities and contingent liabilities	3,137	29
Total net assets	16,216	
Non-controlling interests	4,714	

	Thousands of Euros	
	Fair value	Previous carrying amount
Total net assets acquired	11,502	
Amount paid in cash	5,351	
Cash and cash equivalents acquired	4,968	
Cash paid for the acquisitions	383	

Non-controlling interests in the Youli transaction were recognised at the amount of the percentage interest in the fair value of the net assets acquired.

The most significant differences that arose between the carrying amounts of the businesses acquired during the year and their fair values related to the contractual relationships with the seller of the Youli business (commercial relationship and non-competition agreement), both of which are intangible assets that have not been recognised in the accounts of the acquired company since they did not meet the criteria for accounting recognition in the individual annual accounts. These valuations were performed by an independent expert.

During 2013 and 2012 there were no significant disposals of subsidiaries and associates.

In 2013 cash disbursements of Euros 10,084 thousand were made for the acquisition of subsidiaries and non-controlling interests (Euros 10,339 thousand in 2012 for the acquisition of subsidiaries and non-controlling interests).

6. Property, Plant and Equipment

Details of and movement in property, plant and equipment during 2013 and 2012 are as follows:

	Thousands of Euros							
	Balances at 31.12.12	Business combinations	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.13
Cost								
Land and buildings	80,932	-	1,496	(35)	-	(2,823)	(278)	79,292
Technical installations and machinery	121,590	1,202	2,888	(3,160)	(33)	1,706	(1,916)	122,277
Other installations, equipment and furniture	112,035	-	5,703	(1,800)	(217)	(90)	(314)	115,317
Other property, plant and equipment	20,847	-	1,245	(1,881)	(261)	2,229	(458)	21,721
Work in progress	1,527	-	1,661	(18)	-	(1,422)	(30)	1,718
	336,931	1,202	12,993	(6,894)	(511)	(400)	(2,996)	340,325
Accumulated depreciation								
Buildings	(28,195)	-	(3,034)	35	-	1,259	103	(29,832)
Technical installations and machinery	(92,112)	(584)	(6,615)	3,113	-	(127)	1,229	(95,096)
Other installations, equipment and furniture	(86,195)	-	(5,388)	1,773	-	78	239	(89,493)
Other property, plant and equipment	(15,830)	-	(1,953)	1,769	-	(779)	251	(16,542)
	(222,332)	(584)	(16,990)	6,690	-	431	1,822	(230,963)
Carrying amount	114,599	618	(3,997)	(204)	(511)	31	(1,174)	109,362

	Thousands of Euros						
	Balances at 31.12.11	Business combinations	Additions	Disposals	Transfers	Translation differences	Balances at 31.12.12
Cost							
Land and buildings	80,378	-	282	(474)	699	47	80,932
Technical installations and machinery	120,367	1,597	2,758	(3,187)	115	(60)	121,590
Other installations, equipment and furniture	106,571	477	6,067	(2,483)	1,308	95	112,035
Other property, plant and equipment	21,347	-	2,118	(1,916)	(679)	(23)	20,847
Work in progress	841	3	2,333	(20)	(1,633)	3	1,527
	329,504	2,077	13,558	(8,080)	(190)	62	336,931
Accumulated depreciation							
Buildings	(23,669)	-	(4,839)	332	10	(29)	(28,195)
Technical installations and machinery	(87,365)	-	(6,561)	2,837	(1,036)	13	(92,112)
Other installations, equipment and furniture	(83,417)	-	(5,937)	2,443	773	(57)	(86,195)
Other property, plant and equipment	(16,383)	-	(1,678)	1,814	406	11	(15,830)
	(210,834)	-	(19,015)	7,426	153	(62)	(222,332)
Carrying amount	118,670	2,077	(5,457)	(654)	(37)	-	114,599

a) Property, plant and equipment pledged as collateral

At 31 December 2013 and 2012 no items of property, plant and equipment had been mortgaged.

At 31 December 2013 property, plant and equipment with a carrying amount of Euros 1,696 thousand (Euros 1,715 thousand in 2012) are pledged to secure a liability with a non-controlling interest.

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 under finance lease

The Group has leased the following types of assets under finance leases at 31 December 2013 and 2012:

	Thousands of Euros	
	2013	2012
Buildings	21,882	21,882
Technical installations and machinery	2,275	2,239
Other installations	808	852
Information technology equipment	22	27
Moulds	10	10
Motor vehicles	891	857
Other assets	416	416
	26,304	26,283
Less, accumulated depreciation	(8,545)	(7,453)
Balance at 31 December	17,759	18,830

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 2013 is Euros 6,003 thousand (Euros 6,765 thousand in 2012), with a purchase option of Euros 100 thousand. This property lease accrues interest at a fixed rate of 3.8% until 2014 and a variable interest rate of Euribor plus a 0.5% spread.

2) Certikin Portugal, S.A.: property lease with BPI bank for an industrial building in Portugal at a cost value of Euros 1,674 thousand. Contract signed on 4 November 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 2013 is Euros 936 thousand (Euros 1,042 thousand in 2012), with a purchase option of Euros 167 thousand. This property lease accrues variable interest of 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 2013 is Euros 1,039 thousand (Euros 1,200 thousand in 2012), with a purchase option of Euros 1. This property lease accrues interest at a variable rate of Euribor plus a 0.85% spread.

4) Astral Pool Australia Pty Ltd.: property lease with West-Pac Banking Corporation for the acquisition of industrial equipment at a cost value of Euros 868 thousand. Contract signed on 1 July 2010 and maturity date extended to 30 June 2016. Instalments are settled on a monthly basis and the amount due at 31 December 2013 is Euros 367 thousand (Euros 593 thousand in 2012). This property lease accrues fixed interest at a rate of 6.45%.

5) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the acquisition of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 1,923 thousand. Contract signed on 22 November 2001 and maturity date extended to 22 November 2016. Instalments are settled on a monthly basis and the amount due at 31 December 2013 is Euros 958 thousand (Euros 1,024 thousand in 2012), with a purchase option of Euros 769 thousand. This property lease accrues interest at a variable rate of Euribor plus a 3.20% spread.

6) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the expansion of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 512 thousand. Contract signed on 30 September 2003 and maturity date extended to 20 August 2018. Instalments are settled on a monthly basis and the amount due at 31 December 2013 is Euros 253 thousand (Euros 261 thousand in 2012), with a purchase option of Euros 205 thousand. This property lease accrues interest at a variable rate of Euribor plus a 2.10% spread.

Details of minimum lease payments and the present value of finance lease liabilities, by maturity date, at 31 December 2013 and 2012 are shown in note 18.

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

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

In 2013 the Group has acquired property, plant and equipment under finance lease amounting to Euros 390 thousand, financed with a loan for the same amount (Euros 463 thousand financed with a loan for the same amount in 2012).

d) Fully depreciated assets

The cost of fully depreciated property, plant and equipment in use at 31 December 2013 and 2012 is as follows:

	Thousands of Euros	
	2013	2012
Buildings	3,893	3,036
Technical installations and machinery	52,704	52,340
Other installations, equipment and furniture	58,824	63,509
Other assets	9,487	10,857
	124,908	129,742

e) Property, plant and equipment located abroad

At 31 December 2013, there are property, plant and equipment located abroad for a carrying amount of Euros 33,389 thousand (32,453 thousand at 31 December 2012).

7. Goodwill and other intangible assets

Details of and movement in goodwill and other intangible assets during 2013 and 2012 are as follows:

a) Goodwill

	Thousands of Euros						
	Balances at 31.12.12	Business combinations (note 5)	Additions	Disposals	Impairment	Translation differences	Balances at 31.12.13
Carrying amount							
Goodwill	189,525	1,112	15	-	(4,500)	(3,017)	183,135

	Thousands of Euros						
	Balances at 31.12.11	Business combinations (note 5)	Additions	Disposals	Impairment	Translation differences	Balances at 31.12.12
Carrying amount							
Goodwill	194,300	9,009	76	(1,180)	(11,939)	(741)	189,525

Regarding the put option on Calderería Plástica del Norte, S.L. recognised as a Euros 1,855 thousand liability at 31 December 2011, on 29 June 2012 the Group entered into an agreement with the former owner of the business acquired to modify the payment date and the formula for determining the price and establish a maximum and minimum price between Euros 800 thousand and Euros 600 thousand.

b) Other intangible assets

	Thousands of Euros							
	Balances at 31.12.12	Business combinations (Note 5)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.13
Cost								
Product development costs	23,416	-	4,761	(2,414)	(151)	-	(234)	25,378
Customer/contractual relationships	61,940	361	4	-	-	-	(1,398)	60,907
Computer software	11,078	-	2,845	(65)	-	58	(34)	13,882
Patents	23,281	-	1,218	(120)	-	31	25	24,435
Trademarks and other intangible assets	5,143	-	283	-	-	(165)	(159)	5,102
	124,858	361	9,111	(2,599)	(151)	(76)	(1,800)	129,704
Accumulated depreciation								
Product development costs	(15,720)	-	(4,169)	2,414	-	-	2	(17,473)
Customer/contractual relationships	(31,793)	-	(10,217)	-	-	716	303	(40,991)
Computer software	(7,197)	-	(1,472)	52	-	(3)	31	(8,589)
Patents	(11,113)	-	(1,222)	120	-	(695)	36	(12,874)
Trademarks and other intangible assets	(2,176)	-	(521)	-	-	27	51	(2,619)
	(67,999)	-	(17,601)	2,586	-	45	423	(82,546)
Carrying amount	56,859	361	(8,490)	(13)	(151)	(31)	(1,377)	47,158

	Thousands of Euros						
	Balances at 31.12.11	Business combinations (Note 5)	Additions	Disposals	Transfers	Translation differences	Balances at 31.12.12
Cost							
Product development costs	18,928	-	5,807	(1,307)	24	(36)	23,416
Customer/contractual relationships	54,905	12,253	-	(5,760)	1,259	(717)	61,940
Computer software	8,817	-	2,182	(211)	299	(9)	11,078
Patents	23,914	-	578	(57)	(1,104)	(50)	23,281
Trademarks and other intangible assets	4,602	-	798	(2)	(226)	(29)	5,143
	111,166	12,253	9,365	(7,337)	252	(841)	124,858
Accumulated amortisation							
Product development costs	(13,500)	-	(3,514)	1,307	(20)	7	(15,720)
Customer/contractual relationships	(30,155)	-	(6,043)	5,760	(899)	(456)	(31,793)
Computer software	(6,108)	-	(1,151)	218	(165)	9	(7,197)
Patents	(8,512)	-	(3,421)	42	779	(1)	(11,113)
Trademarks and other intangible assets	(1,732)	-	(589)	-	139	6	(2,176)
	(60,007)	-	(14,718)	7,327	(166)	(435)	(67,999)
Carrying amount	51,159	12,253	(5,353)	(10)	86	(1,276)	56,859

No intangible assets are pledged as collateral.

Additions of product development costs for 2013 of Euros 4,761 thousand (Euros 5,807 thousand in 2012) comprise self-constructed non-current assets and are included in this category of the consolidated income statement.

The cost of fully amortised intangible assets in use at 31 December 2013 and 2012 is as follows:

	Thousands of Euros	
	2013	2012
Product development costs	8,255	7,383
Computer software	3,274	4,439
Patents	5,159	5,610
Other intangible assets	653	165
	17,341	17,597

At 31 December 2013, there are intangible assets located abroad for a carrying amount of Euros 33,775 thousand (44,933 thousand at 31 December 2012).

Details of the carrying amount and residual amortisation period of customer/contractual relationships at 31 December 2013 and 2012, are as follows:

		Thousands of Euros	
Customer/contractual relationships	Remaining useful life	2013	2012
CGU			
Europe	0	-	235
Expansion	6	263	-
Operations	1 – 4	7,965	12,308
Astral Holdings Australia	2 – 3	1,207	1,467
Aqua Group	1 – 13	10,074	15,661
Manufacturas Gre	6	408	476
		19,916	30,147

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

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

The allocation of goodwill by CGU or groups of CGUs at 31 December 2013 and 2012 is therefore as follows:

		Thousands of Euros	
	Segment	31.12.13	31.12.12
Europe	Europe	23,387	27,872
Expansion	Expansion	45,090	44,217
Operations	Operations	50,178	50,520
Manufacturas Gre, S.A	Europe	23,416	23,416
Certikin Internacional, LTD	Europe	3,505	3,577
Fluidra Österreich, GmbH “SSA”	Europe	4,991	4,991
Astral Holdings Australia PTY LTD and subsidiaries	Expansion	7,195	8,727
Aqua Group	Operations	25,373	26,205
Total		183,185	189,525

Movement in goodwill is due to the business combinations undertaken in 2013 (see note 5), impairment of certain CGUs, as subsequently described, and changes in translation differences relating to goodwill in foreign currency, primarily as a result of fluctuations in exchange rates with Pound Sterling, the Australian Dollar, the Israeli Shekel, the US Dollar, the Brazilian Real and the Chinese Renminbi.

The recoverable amount of each CGU is determined based on its value in use. These calculations are based on cash flow projections from the financial budgets approved by management over a period of four years. The Group has budgeted revenues/profitability based on historical sales and income, and market expectations and the cost savings plans being implemented. In the case of the more mature markets (Europe) in no case do these projections exceed the sales figures and profits obtained in 2008 (first year in which the crisis took effect in the markets in which the Group operates). Cash flows beyond the four-year period are extrapolated using an estimated growth rate of 2%. The growth rate should not exceed the average long-term growth rate for the businesses in which the CGUs operate. The post-tax discount rates used range from 9%-10.7% (8%-10.5% in 2012) and 11%-15.5% (12%-15% in 2012), respectively, based on the CGU, and reflect the risks specific to the corresponding segments.

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

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

CGU	CAGR Sales (*)	CAGR EBITDA (*)	WACC (**)
	2013-2017	2013-2017	2013
Europe	1.2%	4.0%	10.5%
Expansion	3.4%	10.3%	10.4%
Operations	-1.3%	1.7%	10.4%
Manufacturas GRE, S.A.U.	4.3%	35.8%	10.0%
Certikin International, LTD	0.3%	5.3%	10.1%
FLUIDRA ÖSTERREICH Gmbh "SSA"	0.9%	2.2%	9.1%
Astral Holdings Australia PTY LTD and subsidiaries	1.2%	-0.5%	10.7%
Aqua Group	5.7%	5.4%	10.0%

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

(**) Discount rate after tax.

For the Expansion, Operations, Certikin Internacional, SSA Fluidra Österreich and Astral Holdings Australia, PTY LTD and subsidiaries CGUs, the value in use determined in accordance with the aforementioned calculation method significantly exceeds the value of the corresponding net assets and goodwill assigned to these CGUs. This excess would still exist even using straight-line projections of the income/yield and in the event of additional changes in the assumptions used to determine value in use, except in the cases of Expansion and the Aqua Group. For the latter two CGUs, EBITDA CAGRs for 2013-2017 of 1.27% and 2.81%, respectively, would equal the carrying amount of the net assets and goodwill of these CGUs with their value in use.

In the case of the Europe CGU, the estimated value in use is approximately Euros 96.2 million (Euros 122 million in 2012). The Group has recognised impairment of Euros 4.5 million at 31 December 2013 (Euros 2.5 million at 31 December 2012). In the case of Manufacturas GRE, value in use is estimated at approximately Euros 33.6 million (Euros 41 million in 2012) and adequately covers the amount of net assets and goodwill assigned to this CGU.

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

8. Investment Property

Details of investment property and movement during 2013 and 2012 are as follows:

	Thousands of Euros				
	Balances at 31.12.12	Additions	Disposals	Transfers	Balances at 31.12.13
Cost					
Land	1,115	-	(119)	-	996
Buildings	623	-	(119)	-	504
	1,738	-	(238)	-	1,500
Accumulated depreciation					
Buildings	(364)	(51)	37	-	(378)
	(364)	(51)	37	-	(378)
Carrying amount	1,374	(51)	(201)	-	1,122

	Thousands of Euros				
	Balances at 31.12.11	Additions	Disposals	Transfers	Balances at 31.12.12
Cost					
Land	1,115	-	-	-	1,115
Buildings	623	-	-	-	623
	1,738	-	-	-	1,738
Accumulated depreciation					
Buildings	(311)	(53)	-	-	(364)
	(311)	(53)	-	-	(364)
Carrying amount	1,427	(53)	-	-	1,374

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

9. Equity-accounted Investments

Movement in equity-accounted investments is as follows:

	Thousands of Euros	
	2013	2012
Balance at 1 January	269	188
Share of profits	40	88
Dividends received	(80)	(46)
Other	(141)	39
Balance at 31 December	88	269

Details of equity-accounted investments for 2013 and 2012 are as follows:

			2013 Thousands of Euros				
	Country	Percentage ownership	Assets	Liabilities	Equity	Income	Profit
Astral Nigeria, LTD	Nigeria	25	497	143	354	1,374	161
			497	143	354	1,374	161

			2012 Thousands of Euros				
	Country	Percentage ownership	Assets	Liabilities	Equity	Income	Profit
Inquevap Energía, S.L.	Spain	30.5	1,961	1,337	624	4,409	164
Astral Nigeria, LTD	Nigeria	25	392	79	313	1,369	150
			2,353	1,416	937	5,778	314

10. Current and Non-Current Financial Assets

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

		Thousands of Euros	
	Note	2013	2012
Assets available for sale		1,030	1,573
Deposits and guarantees		3,378	4,104
Derivative financial instruments	11	39	216
Total non-current		4,447	5,893
Assets available for sale		55	2,217
Deposits and guarantees		2,430	2,695
Derivative financial instruments	11	21	7
Total current		2,506	4,919

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

	Thousands of Euros	
	2,013	2,012
At 1 January	3,790	3,979
Additions	-	61
Disposals	(2,162)	-
Impairment	(500)	(200)
Adjustment to fair value recognised in profit or loss	(43)	(50)
At 31 December	1,085	3,790
Less: Current portion	(55)	(2,217)
Total non-current	1,030	1,573

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

Deposits and guarantees mainly include term deposits which accrue interest at market rates and are classified under loans and receivables, as well as deposits and guarantees set up as a result of lease contracts which 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 recognised as an advance payment under profit and loss over the lease term.

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

11. **Derivative Financial Instruments**

Details of derivative financial instruments are as follows:

	2013				
		Thousands of Euros			
		Fair values			
	Notional amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Foreign currency derivatives					
Forward exchange contracts	13,303	-	4	-	336
Options traded on OTC markets	3,626	39	-	-	-
Total derivatives traded on OTC markets		39	4	-	336
b) Interest rate derivatives					
Interest rate swaps	20,355	-	17	298	108
Total derivatives traded on OTC markets		-	17	298	108
Total derivatives held for trading		39	21	298	444
2) Hedging derivatives					
a) Fair value hedges					
Interest rate swaps	88,024	-	-	1,144	7
b) Cash flow hedges					
Foreign currency swaps	9,426	-	-	-	627
Total hedging derivatives		-	-	1,144	634
Total recognised derivatives		39	21	1,442	1,078
		(Note 10)	(Note 10)		

	2012				
		Thousands of Euros			
		Fair values			
	Notional amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Foreign currency derivatives					
Forward exchange contracts	8,249	-	6	-	62
Options traded on OTC markets	3,790	180	-	-	-
Total derivatives traded on OTC markets		180	6	-	62
b) Interest rate derivatives					
Interest rate swaps	31,133	36	-	950	-
Interest and foreign currency swaps	849	-	-	-	265
Total derivatives traded on OTC markets		36	-	950	265
Total derivatives held for trading		216	6	950	327
2) Hedging derivatives					
a) Fair value hedges					
Interest rate swaps	96,477	-	-	1,658	8
b) Cash flow hedges					
Foreign currency swaps	15,916	-	1	46	92
Total hedging derivatives		-	1	1,704	100
Total recognised derivatives		216	7	2,654	427
		(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 373 thousand (Euros 219 thousand in 2012).

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 388 thousand (Euros 886 thousand in 2012).

Total cash flow hedges transferred in 2013 from other comprehensive income in equity to the consolidated income statement (under finance income/costs) amounts to a loss of Euros 606 thousand (losses of Euros 198 thousand in 2012).

b) Interest rate swaps

The Group uses interest rate swaps instruments for variable to fixed rates with or without deactivating barriers, with fixed rates ranging from 1.08% to 4.26% and with a barrier of 5.50%. These derivatives are used to manage interest rate fluctuation exposure, mainly relating to its bank loans. The inception and maturity dates of derivatives at 31 December 2013 are as follows:

Derivatives held for trading 31.12.13			
Notional amount in thousands of Euros	Inception date	Maturity date	Derivative type
5,936	21.12.04	21.12.19	Barrier swap
2,321	16.2.08	20.2.14	Fixed-rate swap
822	3.5.07	3.5.14	Fixed-rate swap
822	26.3.09	3.5.14	Fixed-rate swap
426	13.3.09	24.10.14	Fixed-rate swap
1,547	13.3.09	30.3.14	Fixed-rate swap
481	13.3.09	13.10.14	Fixed-rate swap
4,000	2.8.11	1.10.15	Fixed-rate swap
4,000	20.9.12	1.10.15	Fixed-rate swap
20,355			

Derivatives held for trading 31.12.12			
Notional amount in thousands of Euros	Inception date	Maturity date	Derivative type
6,703	21.12.04	21.12.19	Barrier swap
4,461	16.2.08	20.2.14	Fixed-rate swap
1,578	3.5.07	3.5.14	Fixed-rate swap
1,578	26.3.09	3.5.14	Fixed-rate swap
852	13.3.09	24.10.14	Fixed-rate swap
2,971	13.3.09	30.3.14	Fixed-rate swap
990	13.3.09	13.10.14	Fixed-rate swap
6,000	2.8.11	1.10.15	Fixed-rate swap
6,000	20.9.12	1.10.15	Fixed-rate swap
849	1.12.06	20.10.13	Cap option and foreign currency hedge
31,982			

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

Hedge accounting derivatives 31.12.13			
Notional amount in thousands of Euros	Inception date	Maturity date	Derivative type
611	2.6.10	25.6.15	Fixed-rate swap
433	2.6.10	25.6.15	Fixed-rate swap
397	2.6.10	25.6.15	Fixed-rate swap
662	2.6.10	25.6.15	Fixed-rate swap
344	2.6.10	25.6.15	Fixed-rate swap
6,368	21.12.11	19.4.16	Fixed-rate swap
833	9.5.12	1.12.14	Fixed-rate swap
8,550	20.9.12	27.7.17	Fixed-rate swap
10,688	20.9.12	27.7.17	Fixed-rate swap
14,963	20.9.12	27.7.17	Fixed-rate swap
13,538	20.9.12	27.7.17	Fixed-rate swap
12,113	20.9.12	27.7.17	Fixed-rate swap
7,125	20.9.12	27.7.17	Fixed-rate swap
4,988	20.9.12	27.7.17	Fixed-rate swap
4,275	20.9.12	27.7.17	Fixed-rate swap
2,138	20.9.12	27.7.17	Fixed-rate swap
88,024			

Hedge accounting derivatives 31.12.12			
Notional amount in thousands of Euros	Inception date	Maturity date	Derivative type
818	2.6.10	25.6.15	Fixed-rate swap
579	2.6.10	25.6.15	Fixed-rate swap
531	2.6.10	25.6.15	Fixed-rate swap
886	2.6.10	25.6.15	Fixed-rate swap
460	2.6.10	25.6.15	Fixed-rate swap
316	29.9.08	1.10.13	Fixed-rate swap
500	30.3.10	1.4.13	Fixed-rate swap
8,221	21.12.11	19.4.16	Fixed-rate swap
1,666	9.5.12	1.12.14	Fixed-rate swap
9,000	20.9.12	27.7.17	Fixed-rate swap
11,250	20.9.12	27.7.17	Fixed-rate swap
15,750	20.9.12	27.7.17	Fixed-rate swap
14,250	20.9.12	27.7.17	Fixed-rate swap
12,750	20.9.12	27.7.17	Fixed-rate swap
7,500	20.9.12	27.7.17	Fixed-rate swap
5,250	20.9.12	27.7.17	Fixed-rate swap
4,500	20.9.12	27.7.17	Fixed-rate swap
2,250	20.9.12	27.7.17	Fixed-rate swap
96,477			

A breakdown by notional amount and residual period of swaps existing at the reporting date is as follows:

	Thousands of Euros	
	2013	2012
Up to 1 year	7,252	1,665
Between 1 and 5 years	95,191	120,091
More than 5 years	5,936	6,703
	108,379	128,459

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 with IFRS 13.

c) Foreign currency derivatives

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 applies hedge accounting.

A breakdown by type of currency, of the notional amounts of forward contracts at 31 December 2013 and 2012, the residual values of which are of two years, is as follows:

	Thousands of Euros	
	2013	2012
GBP / EUR	2,525	-
ILS / USD	8,701	10,232
EUR / USD	14,502	16,523
EUR / ILS	627	1,200
	26,355	27,955

The notional amount of Euros 8,701 thousand of ILS/USD exchange rate derivatives includes a total of Euros 5,076 thousand of hedging derivatives (Euros 6,442 thousand at 31 December 2012). In addition, the notional amount of Euros 14,502 thousand of EUR/USD exchange rate derivatives includes a total of Euros 4,351 thousand of hedging derivatives (Euros 9,474 thousand at 31 December 2012).

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

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

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

	Thousands of Euros	
	2013	2012
Up to 1 year	22,730	16,207
Between 1 and 5 years	3,626	11,748
	26,355	27,955

12. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2013	2012
Merchandise	43,195	45,509
Raw materials and other supplies	33,026	40,682
Finished goods and work in progress	58,205	54,996
	134,426	141,187

At 31 December 2013 and 2012 the Group does not have any inventories, the recovery period of which is estimated to be greater than 12 months from the consolidated reporting date.

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

Consolidated Group companies have 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 2013 the Group has impaired inventories to adjust them to their net realisable value amounting to Euros 1,851 thousand (Euros 3,452 thousand during 2012) (see note 22).

13. Trade and Other Receivables

Details of trade and other receivables in the consolidated statement of financial position are as follows:

	Thousands of Euros	
	2013	2012
Non-current		
Other non-current receivables	2,012	3,265
Current		
Trade receivables	163,077	169,839
Other receivables and prepayments	5,920	6,052
Public entities	11,987	7,135
Current income tax assets	3,979	2,609
Provisions for impairment and uncollectibility	(39,220)	(36,601)
Total current	145,743	149,034

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

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

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

The most significant balances in foreign currencies at 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
United Arab Emirates Dirhams	11,974	6,979
US Dollars	10,810	17,153
Australian Dollars	10,298	12,250
Pounds Sterling	7,067	6,891
Moroccan Dirhams	4,469	3,207
Turkish Lira	2,645	3,040
Mexican Pesos	1,895	1,628
Chilean Pesos	1,321	1,962
	50,479	53,110

Receivables from public entities primarily comprise VAT recoverable.

Movement in valuation allowances for impairment and uncollectibility for 2013 and 2012 is as follows:

	Thousands of Euros
Balance at 31 December 2011	34,583
Business combinations	-
Charge for the year	9,754
Recoveries	(4,082)
Translation differences	44
Write-offs	(3,698)
Balance at 31 December 2012	36,601
Business combinations	223
Charge for the year	14,620
Recoveries	(3,503)
Translation differences	(604)
Write-offs	(8,117)
Balance at 31 December 2013	39,220

14. <u>Cash and Cash Equivalents</u>

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2013	2012
Cash in hand and at banks	59,530	51,126
Current bank deposits	320	441
	59,850	51,567

Current bank deposits accrue interest at market rates.

15. <u>Equity</u>

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

a) Share capital

At 31 December 2013 the share capital of Fluidra, S.A. is represented by 112,629,070 ordinary shares of Euros 1 par value each, which are fully paid. These shares are represented by book entries which are recognised in the corresponding accounting record. All shares have the same voting and profit-sharing rights.

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

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

The Company only becomes aware of the identity of its shareholders when information is voluntarily provided by them or in compliance with prevailing legislation. Based on the information held by the Company, its most significant shareholders at 31 December 2013 and 2012 are as follows:

Percentage ownership	31.12.2013	31.12.2012
Boyser, S.R.L.	14.12%	14.12%
Edrem, S.L.	13.50%	13.50%
Dispur, S.L.	12.14%	12.18%
Bansabadell Inversió Desenvolupament, S.A.	9.67%	9.67%
Aniol, S.L.	10.16%	10.16%
Grupo Corporativo Empres. Caja de Navarra	-	8.00%
NMAS1 Asset Management	8.00%	-
Maveor, S.L.	5.01%	5.01%
Other shareholders	27.41%	27.36%
	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 article 274 of the revised Spanish Companies Act, 10% of the profits for the year should be taken to a legal reserve until such a reserve reaches an amount equal to at least 20% of the share capital.

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

d) Parent shares

Movement in treasury shares during 2013 and 2012 has been as follows:

		Euros	
	Number	Nominal	Average cost of acquisition / disposals
Balances at 1.1.12	2,852,328	2,852,328	2.9337
Acquisitions	369,562	369,562	2.0707
Disposals	(2,841,789)	(2,841,789)	(1.9942)
Balances at 31.12.12	380,101	380,101	2.7285
Acquisitions	222,334	222,334	2.4368
Disposals	(331,189)	(331,189)	(2.5116)
Balances at 31.12.13	271,246	271,246	2.5678

On 18 February 2011 the Group signed a liquidity contract on Fluidra, S.A. shares with a financial institution, the terms of which are in accordance with Circular 3/2007 of 19 December 2007.

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

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

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 distribution of dividends

At 31 December 2013, the Parent's voluntary reserves, amounting to Euros 13,344 thousand (Euros 20,820 thousand at 31 December 2012), 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 6 June 2012, the Company approved the distribution to shareholders of a dividend totalling Euros 8,000 thousand against voluntary reserves.

In accordance with the decision made by the shareholders in an ordinary general meeting held on 5 June 2013, the Company approved the distribution to shareholders of a dividend totalling Euros 8,000 thousand against voluntary reserves.

The proposed distribution of profit included in the annual accounts of the Parent for 2013 and 2012 is as follows:

	Thousands of Euros 2013	2012
Basis of allocation:		
Profit for the year	4,677	352
Distribution:		
Legal reserve	468	35
Voluntary reserves	4,209	317
Total	4,677	352

g) Capital management

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

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

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

- The total leverage ratio is calculated as total assets divided by total equity.
- The net financial debt (NFD) ratio as a percentage of EBITDA is calculated as the quotient between the net financial debt and EBITDA. Net financial debt is determined based on the sum of current and non-current financial liabilities with financial institutions and derivative liability instruments less non-current financial assets, less cash and other cash equivalents, less other current financial assets and less derivative financial asset instruments. A comparison of 2012 was carried out using the same criteria, including derivative financial liabilities.

During 2013 the strategy has remained the same as in prior years and has consisted of maintaining the total leverage ratio and NFD/EBITDA ratio between 2 and 2.5. In the case of the NFD/EBITDA ratio, this target has been temporarily exceeded in 2013. The Group will take all steps necessary to again meet this objective as soon as possible.

Ratios in 2013 and 2012 are calculated as follows:

Total leverage ratio:

	Thousands of Euros 2013	2012
Total consolidated assets	721,370	742,716
Total consolidated equity	303,101	332,540
Total leverage ratio	2.38	2.23

NFD/EBITDA ratio:

	Thousands of Euros 2013	2012
Loans and borrowings	251,076	239,942
Plus: Derivative financial instruments	2,520	3,081
Less: Cash and cash equivalents	(59,850)	(51,567)
Less: Non-current financial assets	(4,408)	(5,677)
Less: Other current financial assets	(2,485)	(4,912)
Less: Derivative financial instruments	(60)	(223)
Net financial debt	186,793	180,644
EBITDA (note 34)	52,722	72,215
NFD/EBITDA ratio:	3.54	2.50

h) Non-controlling interests

Movement in non-controlling interests during 2013 has been as follows:

Company	Percentage non-controlling interest	
	31.12.2013	31.12.2012
Astral India PVT, LTD (1)	5.00%	15.00%
ZAO Astral SNG (1)	20.00%	30.00%
Wayfit, S.L. (2)	0.00%	30.00%
CatPool, S.A. de C.V. (3)	0.00%	7.11%

(1) Acquisition of non-controlling interests in 2013.
(2) Dilution of non-controlling interests.
(3) Company dissolved in 2013.

No disbursement has been made in relation to the transactions arising from these changes (Euros 382 thousand disbursed in 2012). The effect of the above-mentioned acquisition on retained earnings was Euros 5,133 thousand (Euros 62 thousand in prior year) (see changes in interests in the consolidated statements of changes in equity).

16. Earnings per share

a) Basic

Basic earnings per share are calculated by dividing consolidated profit or loss for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares issued during the twelve-month periods ended 31 December 2013 and 2012, excluding treasury shares.

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

	2013	2012
Profit / (loss) attributable to owners of the Parent (in thousands of Euros)	(10,237)	14,506
Weighted average number of ordinary shares outstanding	112,324,101	110,456,507
Basic earnings/(loss) per share (in Euros)	(0.091142)	0.131330

Profit for the year corresponds to the profit attributable to owners of the Parent.

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

	Number of shares	
	2013	2012
Ordinary shares outstanding at 1 January	112,629,070	112,629,070
Effect of treasury shares	(304,969)	(2,172,563)
Weighted average number of ordinary shares outstanding at 31 December	112,324,101	110,456,507

b) Diluted earnings

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

17. Provisions

Details of other provisions are as follows:

	Thousands of Euros			
	31.12.2013		31.12.2012	
	Non-current	Current	Non-current	Current
Guarantees	-	3,189	-	2,586
Provisions for taxes	2,791	-	2,253	-
Provisions for employee commitments	2,965	-	3,081	-
Litigation and other liabilities	871	-	1,016	-
Total	6,627	3,189	6,350	2,586

Movement in provisions during 2013 and 2012 is as follows:

	Guarantees	Provisions for employee commitments	Litigation and other liabilities	Provision for taxes	Total
Balance at 1 January 2012	2,774	2,797	874	2,494	8,939
Charges	354	558	170	100	1,182
Payments	(244)	(265)	(29)	(13)	(551)
Applications	(292)	-	-	(327)	(619)
Translation differences	(6)	(9)	1	(1)	(15)
Balance at 31 December 2012	2,586	3,081	1,016	2,253	8,936
Charges	1,262	351	67	467	2,147
Business combinations	-	-	-	112	112
Payments	-	(330)	(206)	(18)	(554)
Applications	(562)	(93)	(6)	-	(661)
Translation differences	(97)	(44)	-	(23)	(164)
Balance at 31 December 2013	3,189	2,965	871	2,791	9,816

18. Loans and Borrowings

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

	Thousands of Euros	
	2013	2012
Loans and borrowings	138,591	155,346
Finance lease payables	9,373	10,884
Total non-current	147,964	166,230
Loans and borrowings	41,009	25,455
Bank loans	55,846	44,079
Discounting facilities	4,373	2,517
Finance lease payables	1,884	1,661
Total current	103,112	73,712
Total loans and borrowings	251,076	239,942

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

At 31 December 2013 and 2012 bank loans, 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 2013 and 2012.

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

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

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

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

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

The aforementioned financing agreement establishes compliance with annual covenants whereby the net financial debt/EBITDA ratio must be less than 3.5 in 2012 and 2013 and under 3.25 from 2014 onwards. It also stipulates that throughout the duration of the loan the EBITDA/net finance costs ratio should remain above 3 and that the net financial debt /Equity ratio should be higher than 1. The agreements also include several non-financial obligations which must be fulfilled. Failure to comply with any of the above stipulations would give the banks the right to demand immediate settlement of all the financing provided and any accrued interest. At 31 December 2013, the NFD/EBITDA ratio exceeded the above-mentioned limit of 3.5. However, the Group requested a change to the ratio for 2013 from 3.5 to 4.5 from the financial institutions and on 20 December 2013 the Parent obtained approval of the request from a qualified majority of the institutions.

At the same time as this transaction, in 2012 the Group settled loans and credit facilities arranged in prior years totalling Euros 142,498 thousand. The impact on profit at 31 December 2012 amounted to Euros 1.9 million.

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

	Company	Outstanding amount (Thousands of Euros)	
		2013	2012
Syndicated loan for a nominal amount of Euros 110,000 thousand falling due on 27.7.2017 and with a variable interest of 6-month Euribor plus a spread of 3.75%-4.50%, requested for the restructuring of the debt.	Fluidra, S.A.	104,500	110,000
Loan for a nominal amount of US Dollars 10,000 thousand arranged on 5 March 2013, maturing on 5 March 2018 with a fixed interest rate of 4.799% until 5 March 2014 and thereafter a variable interest rate of 12-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	10,000	-
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	6,600	8,360
Loan for a nominal amount of Euros 11,000 thousand falling due on 19.04.2016, with a variable interest rate of 12-month Euribor plus a spread of 3.40%, requested to finance capex.	Fluidra, S.A.	6,368	8,221
Loan for a nominal amount of Euros 11,000 thousand falling due on 14.03.2016, with a variable interest rate of 6-month Euribor plus a spread of 3.25%, requested to finance capex.	Fluidra, S.A.	6,111	8,067
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	6,111	8,067
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	6,111	8,067
Property lease for a nominal amount of Euros 10,700 thousand falling due on 21.01.2020, with a fixed interest rate of 3.80% until 2013 and a variable interest rate of Euribor plus a spread of 0.5% thereafter.	Fluidra Commercial, S.A.U.	5,936	6,765
Loan for a nominal amount of Euros 4,700 thousand, arranged on 29 November 2013 and drawn down on 26 June 2013, maturing on 20 July 2020. The interest rate is fixed at 3.441% until 20 January 2014 and variable at 6-month Euribor plus a spread thereafter, requested to finance the acquisition of Youli.	Fluidra J.V. Youli, S.L.	4,700	-
Loan for a nominal amount of US Dollars 5,000 thousand, arranged on 16 July 2013, maturing on 16 July 2014, with a fixed interest rate of 2.886%, requested for financing working capital.	Fluidra, S.A.	3,626	-
Loan for a nominal amount of US Dollars 6,000 thousand falling due on 20.12.2017, with a fixed interest rate of 2.053% from 20.12.2012 to 20.03.2013 and thereafter a variable interest rate of 3-month Libor plus a spread of 1.75%, requested to finance the deferred payment relating to the acquisition of the company.	Aquaproducts Inc.	3,481	4,548
Loan for a nominal amount of Euros 4,600 thousand falling due on 30.06.2015, with a fixed interest rate of 4.16%, requested for line restructuring.	Astral Pool Australia Pty Ltd.	2,983	3,619
Loan for a nominal amount of Euros 2,679 thousand, arranged on 29 November 2013 and drawn down on 1 July 2013, maturing on 20 July 2020. The interest rate is fixed at 3.441% until 20 January 2014 and variable at 6-month Euribor plus a spread thereafter, requested to finance the acquisition of Youli.	Fluidra J.V. Youli, S.L.	2,680	-

The most significant balances in foreign currencies at 31 December 2013 and 2012 are as follows:

Loans and borrowings:

	Thousands of Euros	
	2013	2012
US Dollars	24,533	21,904
Australian Dollars	4,944	6,417
Pounds Sterling	1,759	4,000
Other currencies	1,778	333
	33,014	32,654

The Group has the following credit and discounting facilities at 31 December 2013 and 2012:

	Thousands of Euros			
	2013		2012	
	Drawn down	Limit	Drawn down	Limit
Credit facilities	55,846	159,628	44,079	159,187
Discounting facilities	4,373	34,775	2,517	53,275
	60,219	194,403	46,596	212,462

At 31 December 2013 and 2012 there were no loans secured by mortgages (see note 6).

Loans and borrowings mature as follows:

	Thousands of Euros	
Maturity	2013	2012
Up to 1 year	41,009	73,712
Up to 2 years	40,560	35,137
Up to 3 years	48,755	37,707
Up to 4 years	42,255	48,522
Up to 5 years	4,069	40,285
More than 5 years	2,952	4,579
	179,600	239,942

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

	Thousands of Euros					
	2013			2012		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
Up to 1 year	2,338	454	1,884	2,133	472	1,661
Between 1 and 5 years	7,469	803	6,666	8,552	1,131	7,421
More than 5 years	2,806	99	2,707	3,737	274	3,463
	12,613	1,356	11,257	14,422	1,877	12,545

With the exception of a property lease which accrues fixed interest until 2014, the carrying amount of which at 31 December 2013 stands at Euros 6,003 thousand (Euros 6,765 thousand in 2012) and a property lease that accrues fixed interest until maturity which has a carrying amount at 31 December 2013 of Euros 367 thousand (Euros 593 thousand in 2012), Group loan interest rates are renewed quarterly, six-monthly or yearly.

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

19. Trade and other payables

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

	Thousands of Euros	
	2013	2012
Trade payables	64,371	58,502
Other payables	3,326	3,434
Liabilities for business acquisitions / suppliers of fixed assets	7,576	10,675
Public entities	12,272	10,729
Current income tax liabilities	2,663	2,316
Salaries payable	9,448	9,782
	99,656	95,438

Liabilities for business acquisitions / suppliers of fixed assets include Euros 4,869 thousand (Euros 7,414 thousand in 2012) in respect of the current contingent consideration in US dollars derived from the acquisition of Fluidra Youli, on 9 October 2012 (see note 5. This amount is classed as a financial liability at fair value through profit or loss).

This amount also includes Euros 502 thousand arising from the contingent consideration from the acquisition of Veico Com. Br. Indústria e Comércio, LTDA. (see note 5).

Euros 1,218 thousand are also included in this caption consisting of the deferred payment relating to acquisitions of businesses in prior years.

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

The most significant balances in foreign currencies at 31 December 2013 and 2012 are as follows:

Trade payables:

	Thousands of Euros	
	2013	2012
Chinese Renminbi	6,530	2,366
Australian Dollars	4,883	4,665
Pounds Sterling	4,496	4,174
US Dollars	4,112	5,294
Israeli Shekel	903	1,102
	20,924	17,601

Payables to public entities are as follows:

	Thousands of Euros	
	2013	2012
Taxation authorities		
VAT	5,251	3,562
Withholdings	2,566	2,420
Social Security	3,295	3,757
Other	1,160	990
	12,272	10,729

20. Other non-current liabilities

Details of non-current liabilities are as follows:

	Thousands of Euros	
	2013	2012
Liabilities for business acquisitions	24,538	31,180
Other	2,893	665
Total	27,431	31,845

Liabilities for business acquisitions include Euros 23,727 thousand (Euros 23,082 thousand in 2012) which is the best estimate of the fair value of the long-term contingent consideration derived from the acquisition of the Aqua Group. This amount is in USD dollars and is classed as a financial liability at fair value through profit or loss.

Other includes Euros 266 thousand corresponding to loans extended by the Centre for Technological and Industrial Development (CDTI) at a finance cost of 0.5% to 2%.

In 2012, this caption also includes Euros 6,781 thousand corresponding to the best estimate of the fair value of the long-term contingent consideration arising from the acquisition of Fluidra Youli Fluid Systems (Wenzhou) Co. Ltd (see note 5), as well as Euros 340 thousand from the deferred fixed and obligatory payment for the purchase of Pools, S.A.S. (see note 5).

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

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

21. Risk Management

The Audit Committee is responsible for managing enterprise risks, as an advisory body delegated by the board of directors. The risk management system is based on identifying, analysing and assessing the risks the Group faces in its activities and from current conditions and establishing controls and action plans to mitigate these risks.

Assessment takes into account strategic, financial, operational, technological, regulatory and common risks. The risk management system is integrated and continuous, managed at a consolidated level by subsidiaries and geographical regions and complemented by the support areas at the corporate level.

The following main risks may affect achievement of business objectives:

Operational risk

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

Financial risks

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

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

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

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

In 2013 the following risks materialised:

- Irregularities in the management of a subsidiary:

In the second quarter of the year, accounting irregularities were detected in a subsidiary, associated with the stage of completion of certain turnkey projects. The adjustments applied affect equity (Euros 7.2 million), Current assets (Euros 9.5 million), Non-current assets (Euros 3.7 million) and Current liabilities (Euros 1.4 million). As a result of the above and a risk/reward analysis, the turnkey project subsidiary was closed in an orderly manner. The impact of the cost of the closure in 2013 was Euros 4.1 million, after tax. The irregularities were detected by applying internal control mechanisms established by the Parent. The Group's various control bodies immediately analysed the situation in detail, as well as the possible alternatives to resolve the issues and mitigate the impact on the Group as a whole to the greatest extent possible. The market was notified that the problem had been detected and of the analysis of the potential resolutions in the results for the second quarter. At the start of the fourth quarter, once the analysis had been completed, Fluidra decided to shutdown activity in an orderly manner and announce this to the market in the results for the third quarter of 2013, at the start of November.

- Climate risks

More than 80% of our sales are concentrated in the northern hemisphere. In 2013 the spring and start of the summer were unusually cold with more rainfall than normal. Control of production systems and inventory management mitigate the impact of this situation, despite the intrinsic difficulty of forecasting weather sufficiently early in the various regions where the Group is present.

- Unfavourable movements in exchange rates with certain foreign currencies:

Fluidra operates primarily in Euros; 70% of sales are to the Eurozone. The Group's activities are also mostly concentrated in the Eurozone. As a result, although changes in exchange rates affect the Company's results when consolidating subsidiaries based outside the Eurozone, the impact is relatively limited. The individual risk from each currency is not significant. However, in 2013, five of the currencies (Israeli Shekel, Turkish Lira, Australian Dollar, Indonesian Rupiah, South African Rand) have performed similarly. The combined impact on Fluidra's finance costs was Euros 2.55 million. These currencies are not hedged, as assets are concentrated in the Eurozone, substantially reducing the impact of fluctuations on translation of the income statement into Euros.

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

- Impact of the unfavourable economic situation in Europe.

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

- Development of new products.

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

- Technological risks.

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

- Irregularities in the management of a subsidiary.

Through internal control mechanisms, at the start of the second quarter of the year, Fluidra detected accounting irregularities committed by the management of the turnkey activity. As a result, the Company reviewed its internal control procedures, adopting a number of additional measures, including:

- Elimination of all functions of the persons responsible for the irregularities within the Group
- Reorganisation and reinforcement of the internal audit team, focusing on the Company's internal control procedures
- Redefinition of the management structure and changes to the design of the management bodies of the Group's subsidiaries
- Centralisation at a corporate level of accounting and general administrative management of the Group's Spanish companies

- Human capital risks

Fluidra Group companies have a variable remuneration policy linked to professional development and achievement of personal goals, with the aim of identifying and rewarding its best professionals. The Parent has a whistle-blowing hotline, created by the Audit Committee and jointly managed by the corporate HR, internal audit and legal departments, to enable any employee of the Group to report internal control, accounting or audit issues. The Company has an internal code of conduct relating to the securities market.

- Process-related risks

These risks are managed at the business unit level, monitored centrally by the management control department and verified by the internal audit department. The processes to obtain consolidated economic and financial information are centralised according to corporate criteria. The consolidated annual accounts and the individual annual accounts of each subsidiary are audited externally.

- Financial risks

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

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

a) Credit risk

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

In the case of the Group, risk is mainly attributable to its trade receivables. This risk is 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.

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

The following tables provide an ageing analysis of unimpaired trade and other receivables in arrears at 31 December 2013 and 2012:

	2013	2012
Not past due	76,589	91,845
Past due	47,268	41,393
0-90 days	35,884	30,944
90-120 days	4,795	7,283
More than 120 days	6,589	3,166

b) Liquidity risk

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

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

The Group's exposure to liquidity risk at 31 December 2013 and 2012 is shown below. The following table provides an analysis of financial liabilities by contractual maturity.

	2013					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and borrowings	109,940	46,267	52,912	44,261	4,453	3,508
Capital	101,228	40,560	48,755	42,255	4,069	2,952
Interest	8,712	5,707	4,157	2,006	384	556
Finance lease payables	2,338	2,128	1,929	1,710	1,702	2,806
Capital	1,884	1,899	1,720	1,527	1,520	2,707
Interest	454	229	209	183	182	99
Liabilities arising from derivative financial instruments	1,078	122	147	957	-	216
Trade and other payables	99,655	-	-	-	-	-
Other non-current liabilities	-	1,674	334	31,689	278	1,419
	213,011	50,191	55,322	78,617	6,433	7,949

	2012					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and borrowings	79,903	39,427	40,794	49,490	40,157	1,527
Capital	72,051	33,407	35,904	46,088	38,831	1,116
Interest	7,852	6,020	4,890	3,402	1,326	411
Finance lease payables	2,133	2,047	2,097	2,705	1,703	3,737
Capital	1,661	1,730	1,803	2,434	1,454	3,463
Interest	472	317	294	271	249	274
Liabilities arising from derivative financial instruments	427	377	289	261	1,290	437
Trade and other payables	95,438	-	-	-	-	-
Other non-current liabilities	-	8,784	800	-	30,317	-
	177,901	50,635	43,980	52,456	73,467	5,701

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

c) Currency risk

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

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

The Group's risk management policy is to hedge, through natural hedging (offsetting receivables and payables), the excess or shortfall US Dollar risk using forwards. In the case of Pound Sterling and the Israeli Shekel, all transactions with the Euro are hedged using forwards. The remaining currencies are not hedged. The Group holds several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk 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 2012 the contingent consideration was denominated in US Dollars and was therefore partially exposed to currency risk. Forward rate and option hedging instruments were used to hedge this risk. Some of these forwards were recognised as hedging derivatives. In the sensitivity analysis, had the US Dollar strengthened/weakened by 10% against the Shekel, profit would have increased/decreased by Euros 592 thousand (+/- Euros 437 thousand at 31 December 2012), without taking into account the effect of the hedging instruments used.

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

At 31 December 2012 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 167 thousand lower. Had the Euro weakened 10% against the same currencies, consolidated profit after income tax would have been Euros 204 thousand higher, primarily as a result of the translation of receivables in foreign currency. The translation differences recognised in income and expenses would have been Euros 7,210 thousand lower had the Euro strengthened by 10%, and Euros 8,772 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 at variable interest rates expose the Group to cash flow interest rate risks. As can be observed in note 18, most of the Group's loans are linked to market variable interest rates which are updated on a quarterly, six-monthly or yearly basis.

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

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

Had interest rates been 25 basis points higher at 31 December 2013, with the other variables remaining constant, consolidated profit before income tax would have been Euros 552 thousand (Euros 505 thousand in 2012) lower or higher, mainly because of a higher or lower finance costs of borrowings at variable interest rates.

e) Market risk

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

22. Purchase costs and changes in inventories

This caption of the income statement is as follows:

	Thousands of Euros	
	31.12.2013	31.12.2012
Raw materials and materials purchased	296,715	314,952
Changes in merchandise	20	1,497
Changes in inventories of finished goods and work in progress	6,513	2,166
Charge to provision for obsolescence	(1,851)	(3,452)
Total	301,397	315,163

The charge to the provision for obsolescence includes Euros 412 thousand from the dissolution of the Projects division.

23. Services rendered

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

24. Personnel expenses

Details of personnel expenses in 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
Salaries and wages	106,721	108,018
Termination benefits (1)	6,205	4,490
Social Security	24,875	24,721
Other employee benefits expense	4,899	5,457
	142,700	142,686

(1) Termination benefits include indemnities arising from the industrial optimisation and the new commercial model, which amount to Euros 5,968 thousand in the twelve-month period ended 31 December 2013 (Euros 4,448 thousand in the same period of the prior year).

The average headcount of the Group in 2013 and 2012, distributed by category, is as follows:

	31.12.2013	31.12.2012
Management	93	94
Sales, logistics and production	2,994	2,960
Administration and purchasing	686	668
	3,773	3,722

The average headcount with a disability higher or equal to 33% during 2013 was 26 employees (28 employees in 2012), 25 of these had the professional category of "Sales, logistics and production" and the 1 remaining "Administration and purchasing".

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

	31.12.2013		31.12.2012	
	Male	Female	Male	Female
Directors (including 1 senior executive)	9	-	10	-
Management	83	5	82	13
Sales, logistics and production	2,035	804	2,070	784
Administration and purchasing	332	334	337	357
	2,459	1,143	2,499	1,154

25. Other Operating Expenses

Details of other operating expenses are as follows:

	Thousands of Euros	
	2013	2012
Leases and royalties (note 26)	19,475	20,120
Repairs and maintenance	8,420	6,732
Independent professional services	11,785	10,281
Temporary employment expenses	3,369	4,033
Commissions	2,997	3,147
Sales transport	22,525	22,572
Insurance premiums	2,884	3,030
Banking services	1,268	1,391
Advertising and publicity	6,860	8,536
Utilities	8,950	9,440
Communication	2,993	3,058
Travel expenses	8,753	9,685
Taxes	3,424	3,327
Changes in trade provisions	11,117	5,672
Others (*)	8,963	10,983
	123,783	122,007

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

Other operating expenses include Euros 4,608 thousand corresponding to the winding up of the Projects division, primarily recognised as changes in trade provisions.

26. Operating Leases

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

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

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

	Thousands of Euros	
	2013	2012
Up to 1 year	15,660	15,121
Between 1 and 5 years	16,725	22,499
More than 5 years	2,891	5,197
	35,276	42,817

Operating lease instalments recognised as expenses for the year amount to Euros 19,475 thousand (Euros 20,120 thousand in 2012) (see note 25).

27. Finance Income and Costs

Details of finance income and costs are as follows:

	2013	2012
Finance income		
Other finance income	6,066	4,787
Gains on fair value of financial instruments	2,446	13,404
Total finance income	8,512	18,191
Finance costs		
Debt interest (leases and loans)	(8,809)	(8,086)
Interest on drawdowns on facilities and discounted bills	(8,419)	(5,996)
Other finance costs	(4,958)	(4,167)
Losses on fair value of financial instruments	-	(831)
Impairment losses on available-for-sale financial assets	(500)	-
Impairment losses on financial assets at cost		
Impairment losses on financial assets at amortised cost, other than trade and other receivables	(748)	-
Losses on sale of associates	(190)	-
Total finance costs	(23,624)	(19,080)
Exchange gains/ (losses)		
Exchange gains	10,279	11,564
Exchange losses	(12,830)	(11,381)
Total exchange differences	(2,551)	183
Net finance cost	(17,663)	(706)

Gains on fair value of financial instruments includes the income resulting from the estimated fair value of the financial liabilities arising from the acquisitions of Fluidra Youli Fluid Systems (Wenzhou) Co, Ltd. and Veico Com. Br. Indústria e Comércio Ltda. (in 2012 this amount included the income resulting from the estimated fair value of the financial liability arising from the acquisition of Aqua).

Other finance costs include Euros 2,086 thousand (Euros 1,623 thousand in 2012) corresponding to implicit interest arising from the contingent payments relating to the acquisition of the Aqua Group (see note 20) and the acquisition of Fluidra Youli Fluid Systems (Wenzhou) Co, Ltd. (see note 19).

28. Deferred Tax and Income Tax

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

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 J.V. Youli, S.L.
Fluidra Services España, S.L.U.
Industrias Mecánicas Lago, S.A.U.
Inquide, S.A.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.

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

Aquaproducts, Inc.

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 Services Italia, S.R.L. (27.5%)

Astral Italia, S.P.A.
Cepex , S.R.L.
Inquide Italia, S.R.L.

(1) Incorporated in 2013

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

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

	Thousands of Euros					
	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
Finance leases	133	122	777	788	(644)	(666)
Property, plant and equipment and investment property	2,081	714	2,986	3,751	(905)	(3,037)
Deferred gains	19	19	2,135	3,177	(2,116)	(3,158)
R&D expenditure	33	52	94	57	(61)	(5)
Exchange gains/ (losses)	-	-	227	257	(227)	(257)
Customer portfolio	493	159	-	851	493	(692)
Trademarks	-	-	540	640	(540)	(640)
Patents	-	-	-	-	-	-
Contractual relationships	-	-	2,198	2,798	(2,198)	(2,798)
Inventories	3,418	2,707	23	36	3,395	2,670
Provisions for inventories	427	1,090	-	-	427	1,090
Trade provisions	2,640	2,177	1	1	2,639	2,176
Other provisions	2,242	2,067	76	76	2,166	1,991
Credit for tax loss carryforwards and deductions	10,078	9,748	-	-	10,078	9,748
Goodwill	-	-	9,779	9,700	(9,779)	(9,700)
Other items	9,957	5,370	7,749	6,487	2,208	(1,117)
	31,521	24,225	26,585	28,619	4,936	(4,395)

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

	Thousands of Euros					
	31.12.2012	Gains and losses	Equity	Business combinatio ns	Other	31.12.2013
Finance leases	(666)	(13)	-	-	35	(644)
Property, plant and equipment and investment property	(3,037)	2,235	-	-	(103)	(905)
Deferred gains	(3,158)	1,042	-	-	-	(2,116)
R&D costs	(5)	(54)	-	-	(2)	(61)
Exchange gains/ (losses)	(257)	-	-	-	30	(227)
Customer portfolio	(692)	987	-	-	198	493
Trademarks	(640)	100	-	-	-	(540)
Patents	-	-	-	-	-	-
Contractual relationships	(2,798)	600	-	-	-	(2,198)
Inventories	2,670	721	-	-	4	3,395
Provisions for inventories	1,090	(546)	-	-	(117)	427
Trade provisions	2,176	443	-	133	(113)	2,639
Other provisions	1,991	227	-	-	(52)	2,166
Credit for tax loss carryforwards and deductions	9,748	1,100	-	-	(770)	10,078
Goodwill	(9,700)	27	-	-	(106)	(9,779)
Other items	(1,117)	3,883	(165)	-	(393)	2,208
Total	(4,395)	10,752	(165)	133	(1,389)	4,936

	Thousands of Euros					
	31.12.2011	Gains and losses	Equity	Business combinations	Other	31.12.2012
Finance leases	(739)	71	-	-	2	(666)
Property, plant and equipment and investment property	(3,887)	844	-	-	6	(3,037)
Deferred gains	(2,128)	(1,030)	-	-	-	(3,158)
R&D expenditure	73	(55)	-	-	(23)	(5)
Exchange gains/ (losses)	(166)	-	-	-	(91)	(257)
Customer portfolio	(1,905)	1,263	-	(178)	128	(692)
Trademarks	(732)	92	-	-	-	(640)
Patents	(291)	301	-	-	(10)	-
Contractual relationships	(27)	159	-	(2,930)	-	(2,798)
Inventories	2,812	(163)	-	-	21	2,670
Provisions for inventories	1,925	(407)	-	-	(428)	1,090
Trade provisions	2,513	397	-	-	(734)	2,176
Other provisions	1,696	240	35	-	20	1,991
Credit for tax loss carryforwards and deductions	2,718	2,990	-	-	4,040	9,748
Goodwill	(9,409)	(733)	-	-	442	(9,700)
Other items	(2,424)	(85)	371	-	1,021	(1,117)
Total	(9,971)	3,884	406	(3,108)	4,394	(4,395)

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

Initially, the shareholders contributing shares in the aforementioned transaction adhered to this tax exemption, therefore transferring the commitment with the taxation authorities for the corresponding deferred tax liability, which amounts to Euros 7,790 thousand, to the Parent. Nevertheless, on 31 March 2006 these shareholders signed a commitment to reimburse the Parent for the total amount of this exemption, which will be required in the event that the associated shares are sold by the Parent or the corresponding tax is directly settled by the contributing shareholders should they sell all or part of the shares received in exchange for this contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax liability and a non-current receivable, both for an amount of Euros 7,790 thousand. Should the Company generate a receivable from the contributing shareholders, the amount payable by the contributing shareholders will be set off by future dividends to be distributed by the Company. As a result of the disposal of shares by the shareholders on 31 October 2007 in relation to the flotation of the Company on the stock market, this non-current deferred tax liability and the non-current receivable have been reduced by Euros 1,365 thousand, included in Other non-current receivables (see note 13).

Items charged and credited directly to consolidated equity for the year relating to hedging instruments and the provision for long-term defined benefit payments amounted to Euros (165) thousand in 2013 and Euros 406 thousand in 2012.

Remaining deferred tax assets and liabilities recognised and reversed in 2013 and 2012 have been charged or credited to the income statement, except for those generated by business combinations or other items.

Deferred tax assets and liabilities expected to be reversed in the next 12 months amount to Euros 3,315 thousand and Euros 28,249 thousand, respectively (Euros 1,718 thousand and Euros 19,216 thousand, respectively, in 2012).

Details of the income tax expense are as follows:

	Thousands of Euros	
	2013	2012
Current tax		
Present year	7,155	8,594
Tax deductions	(236)	(509)
Prior year adjustments	(333)	251
Provision for taxes	-	(250)
Other	(34)	30
Deferred tax		
Source and reversal of temporary differences	(6,169)	(938)
Credit for tax loss carryforwards and deductions	(4,601)	(2,990)
Effect of change in the tax rate	19	44
Total income tax expense	(4,199)	4,232

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

	Thousands of Euros	
	2013	2012
Current tax	6,919	8,085
Withholdings and payments on account during the year	(6,604)	(7,803)
Translation differences	(133)	(5)
Tax payable 2012	(1,498)	-
Tax payable 2011	-	(570)
	(1,316)	(293)

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

	Thousands of Euros	
	2013	2012
Profit/(loss) for the year from continuing operations, before income tax	(15,781)	20,806
Tax at 30%	(4,734)	6,242
Effect of application of tax rates in different countries	2,930	(934)
Permanent differences	2,500	(387)
Offset of loss carryforwards not recognised in prior years	(82)	(95)
Difference in prior years' income tax expense	(333)	251
Provision for taxes	-	(250)
Tax deductions	(1,001)	(941)
Effect of change in the tax rate	-	44
Other	(3,479)	302
Income tax expense	(4,199)	4,232

Deferred tax assets relating to tax loss carryforwards and deductions not recognised in the Group's consolidated financial statements at 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	2012
Deductions	5,338	5,034
Tax losses	4,740	3,855
	10,078	8,889

The Group only recognises deductions and tax losses when it considers their recovery is probable. In 2013, Euros 600 thousand of tax loss carryforwards and deductions have been used which were capitalised in prior years (Euro 1,779 thousand in 2011). As a result of the tax losses of the Spanish companies that file a consolidated tax return, in 2013 the Group has recognised Euros 9,350 thousand in deductions and tax loss carryforwards (Euros 4,257 thousand in 2012).

The reversal amounts and terms of the deductions capitalized at 31 December 2013 are as follows:

Years	Thousands of Euros	Final year
2004 - 2011	1,526	2018 - 2028
2012	1,849	2019
2012	708	2030
2013	750	2031
2007 - 2013	505	No time limit
	5,338	

The amounts and terms of the reversal of tax loss carryforwards capitalised at 31 December 2013 are as follows:

Years	Thousands of Euros	Final year
2007 - 2009	1,817	2025 - 2027
2012	1,101	2030
2009	1,822	No time limit
	4,740	

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

	Thousands of Euros	
	2013	2012
Deductions	1,777	1,729
Tax losses	12,333	10,267
	14,110	11,996

Deductions not capitalised and the related reversal periods at 31 December 2013 are as follows:

Years	Thousands of Euros	Final year
2004-2011	1,458	2015-2029
2012	86	2022
2012	63	2027
2013	60	2023
2013	30	2028
2017-2013	80	No time limit
	1,777	

Tax loss carryforward amounts and reversal periods are as follows:

Year	Thousands of Euros	Final year
2002-2010	5,468	2013-2029
2011	6,395	2016-2031
2012	2,407	2017-2032
2013	388	2017-2020
2013	515	2023
2013	2,691	2033
2002-2013	19,701	No time limit for offsetting
	37,565	

Cepex Mexico, S.A. de CV, Swimco Corp., S.L., Calderería Plástica del Norte, S.L., Certikin Italia, S.p.A., Inquide, S.A.U., Fluidra Services France, S.A.S., Irrigaronne, S.A.S., Certikin France, S.A.R.L., Aquaproducts, Inc., Way Fit, S.L., Astral Italia, S.p.A. and Cepex, S.R.L. 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 to inspection
Income tax	2009 to 2013
Value added tax	2010 to 2013
Personal income tax	2010 to 2013
Business activities tax	2010 to 2013

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.

29. Transactions and Balances with Related Parties

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

	Thousands of Euros			
	31.12.2013		31.12.2012	
	Receivables	Payables	Receivables	Payables
Trade receivables	195	-	300	-
Receivables	22	-	38	-
Suppliers	-	455	-	718
Trade payables	-	9	-	159
Total current	217	464	338	877

a) **Consolidated Group transactions with related parties**

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

a. Purchases of finished goods, especially spas and accessories from Iberspa, S.L.

b. Building rental agreements between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick 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.

Consolidated Group transactions with related parties are as follows:

	Thousands of Euros			
	31.12.2013		31.12.2012	
	Associates	Related entities	Associates	Related entities
Sales	814	774	816	824
Income from services	-	284	42	176
Purchases	-	(3,499)	-	(3,957)
Service expenses and other	-	(3,440)	(844)	(4,284)

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

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

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

	Thousands of Euros	
	2013	2012
Total key management personnel	1,355	1,938
Total Parent directors	1,091	1,262

The members of the Parent's board of directors have received a total of Euros 842 thousand in 2013 (Euros 930 thousand in 2012), respectively, from the consolidated companies in which they are directors. In addition, they have received a total of Euros 249 thousand for executive functions in 2013 (Euros 332 thousand in 2012). The members of the board of directors also received amounts for travel expenses totalling Euros 78 thousand (Euros 89 thousand in 2012).

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 2013 (Euros 4 thousand in 2012).

The Company also contributes Euros 16 thousand (Euros 16 thousand in 2012) to cover the risks of survival, death and temporary or permanent disability for the same director referred to above.

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

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

The plan is implemented through two instruments:

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

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

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

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

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

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

At 31 December 2013 the best estimate of the whole Plan amounts to approximately Euros 1,004 thousand. An amount of Euros 297 thousand has been recognised in the income statement at 31 December 2013 (Euros 300 thousand at 31 December 2012).

On 31 August 2012, 20,457 Fluidra shares, valued at Euros 41 thousand, were used to settle the amount due to one of the plan participants whose contractual relationship had ended. At the beginning of the third cycle the new general manager of Asia, in his role as a member of the Group's executive committee adhered to the plan.

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

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

The plan is implemented through two instruments:

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

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

This plan comprises three cycles, each of which covers a period of three years. The grant dates for each of the cycles are: 15 July 2013, 15 July 2014 and 15 July 2015, ending on 15 July 2016, 15 July 2017 and 15 July 2018 respectively.

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

The maximum number of RSUs to be granted under the Plan is 300,000.

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

At 31 December 2013 the amount recognised in equity for this item amounts to Euros 45.5 thousand. The best estimate of the whole Plan amounts to approximately Euros 920 thousand. The fair value of the first cycle granted at 15 July 2013 amounts to Euros 280 thousand.

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 2013 and 2012.

d) Investments and positions held by the Parent's directors and their related parties in other companies.

Details of the investments held by the Parent's directors and their related parties in companies with identical, similar or complementary statutory activities to that of the Group, as well as positions held and functions and activities performed by the directors are shown in Appendix IV which forms an integral part of the consolidated annual accounts.

30. Environmental Information

The most significant systems, equipment and installations included as property, plant and equipment at 31 December 2013 and 2012, the purpose of which is to minimise the environmental impact and protect and improve the environment, are as follows:

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

	2012		
	Thousands of Euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,456	(2,244)	1,212
Energy saving	584	(58)	526
Emissions reduction	554	(356)	198
Contamination reduction	548	(351)	197
	5,142	(3,009)	2,133

Expenses incurred to protect and improve the environment during 2013 and 2012 have been as follows:

	Thousands of Euros	
Description of expenses	2013	2012
External services	68	50
Environmental protection	206	189
	274	239

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 2013 and 2012.

During the years ended 31 December 2013 and 2012 no environmental grants have been received.

31. Other Commitments and Contingencies

At 31 December 2013 and 2012 the Group has not presented any mortgage guarantees.

At 31 December 2013, the Group has guarantees with banks and other entities amounting to Euros 3,886 thousand (Euros 4,761 thousand in 2012), of which Euros 585 thousand consist of technical guarantees (Euros 352 thousand in 2012).

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

The put options on the share capital of Calderería Plástica del Norte, S.L., SSA Fluidra Osterreich GmbH and Veico Com Br. Industria e Comercio, Lda. are carried as liabilities on the consolidated balance sheet at 31 December 2013 for amounts of Euros 769 thousand, Euros 462 thousand and Euros 502 thousand, respectively (Euros 740 thousand, Euros 83 thousand and Euros 456 thousand for Calderería Plástica del Norte, S.L., Certikin Italia, S.p.A. and SSA Fluidra Osterreich GmbH, respectively, at 31 December 2012).

At the general meeting held on 2 June 2010 the shareholders approved a share ownership plan for the Company's managing director and those members of the management team belonging to the Group's Executive Committee. Acceptance of this plan implies waiving any right deriving from the plan dated 5 September 2007 (see note 29).

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

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

KPMG Auditores, S.L., the auditors of the Group's consolidated annual accounts, invoiced the Group the following net fees for professional services during the years ended 31 December 2013 and 2012:

	Thousands of Euros	
	31.12.2013	31.12.2012
Audit services	516	495
Other assurance services	27	9
Total	543	504

The amounts detailed in the above table include the total fees for services rendered in 2013 and 2012, irrespective of the date of invoice.

Other companies of the KPMG Europe, LLP Group invoiced the Group net fees for professional services during the years ended 31 December 2013 and 2012, as follows:

	Thousands of Euros	
	31.12.2013	31.12.2012
Audit services	62	69
Other assurance services	-	1
Other services	1	140
Total	63	210

Other affiliates of KPMG International invoiced the Group the following net fees for professional services during the years ended 31 December 2013 and 2012:

	Thousands of Euros	
	31.12.2013	31.12.2012
Audit services	244	252
Other assurance services	9	-
Tax advisory services	11	2
Other services	15	19
Total	279	273

Furthermore, other auditors different from KPMG invoiced the Group net fees for professional services during the years ended 31 December 2013 and 31 December 2012, as follows:

	Thousands of Euros	
	31.12.2013	31.12.2012
Audit services	113	268
Other assurance services	-	12
Tax advisory services	45	33
Other services	-	4
Total	158	317

33. Late Payments to Suppliers

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

	Payments made and outstanding at the reporting date			
	2013		2012	
	Amount (thousands of Euros)	%	Amount (thousands of Euros)	%
Within maximum legal period	95,104	44.9%	134,405	56.5%
Other	116,814	55.1%	103,400	43.5%
Total payments for the year	211,918	100.0%	237,805	100.0%
Weighted average late payment days	46		30	
Late payments exceeding the maximum legal period at the reporting date	8,318		6,708	

34. EBITDA

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

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

Calculation of EBITDA for 2013 and 2012	Thousands of Euros	
	31.12.2013	31.12.2012
Sale of merchandise and finished goods	592,678	628,758
Services rendered	11,495	11,922
Non-current self-constructed assets.	5,400	6,855
Changes in inventories of finished goods and work in progress and raw material supplies	(301,397)	(315,163)
Personnel expenses	(136,732)	(138,238)
Other operating expenses	(123,783)	(122,007)
Share of profit/(loss) of equity-accounted investees	40	88
EBITDA	47,702	72,215
Effect of winding-up of Projects division (1)	5,020	-
TOTAL EBITDA	52,722	72,215

(I) see notes 22 and 25.

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

35. Events after the reporting period

No significant events have taken place since 31 December 2013.

General business performance

The Fluidra Group has recorded a decline in its sales figure in 2013 of 5.7%, primarily due to three factors: the depreciation of the currencies of the countries in which it operates (sales fell by 3.7% at constant currency), adverse summer weather and the winding up of the projects division. By markets, sales fell by 14% in France and by 11% in the rest of Southern Europe. The decline was more moderate in Spain, at 6.5%. In contrast, East Asia grew by 11.5% and Rest of World by 5.9%. By product family, the absolute impact of the winding up of the projects division was Euros 8.7 million, and the private pools showed resilience with a decline of 3.5%.

EBITDA fell by Euros 24.5 million, partially due to the winding up of the projects division which had an impact of Euros 5.0 million. The 0.8% drop in the gross margin was due to the negative margins on projects completed during the year.

Net operating expenses (sum of personnel expenses, excluding termination benefits paid as a result of industrial optimisation and the new commercial model, and other operating expenses net of services rendered and self-constructed assets, prior to variations in trade provisions) declines by 1.4%, partially as a result of the winding up of the projects division and difficulties in reducing costs during a summer campaign.

Trade provisions increased by Euros 5.5 million, essentially due to the winding up of the projects division (Euros 3.5 million) and worse collection conditions in the Italian market (Euros 1.8 million).

To analyse finance income we must exclude the impact in the prior year of estimating the fair value of the financial liability arising from the acquisition of Aqua which was recognised under finance income for Euros 13.4 million. Exchange rates had a negative impact, due to the performance of the Euro against other currencies, in particular the South African Rand, the Australian Dollar and the Israeli Shekel.

Net profit attributable to the Parent fell by Euros 24.7 million, in line with the decline in EBITDA, down from 2.3% of sales to 1.7% of sales.

As regards the Group's consolidated balance sheet, net working capital was 9.6% lower at Euros 19.2 million, a much larger percentage reduction than in sales, with an improvement of 6 days in average collection periods. Performance was also positive in receivables and inventories, up 10% and down 4.8% respectively. Investments amounted to Euros 22.1 million, in line with the Euros 22.9 million in the prior year.

NFD increased by Euros 6.2 million, absorbing the Euros 10 million paid for acquisitions, primarily outstanding payments for Youli.

The Group's headcount grew by 51 employees to an average of 3,773 at 31 December 2013, 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 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 19 Related Party Transactions within the half-yearly financial report sent to the Spanish Securities Market Commission.

Overview of risk policy

See note 21

Treasury shares

During 2013 the Company has carried out several purchases (222,334 shares) and sales (331,189 shares) of treasury shares. At year end the Company held 271,246 treasury shares, representing 0.24% of its capital and with a total cost of Euros 696 thousand.

Research, development and technological innovation

Investments in research, development and technological innovation amounted to Euros 4,761 thousand during 2013

Events after the reporting period

No significant events have taken place since 31 December 2013.

(Continued)

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

2013

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

On 27 March 2014 the board of directors of Fluidra, S.A. authorised for issue the consolidated annual accounts in conformity with International Financial Reporting Standards as adopted by the European Union (including the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts) for the year ended 31 December 2013. 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

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

Mr Eloy Planes Corts

Mr Richard Cathcart

Aniol, S.L.
Mr Bernat Garrigós Castro

Mr Kam Son Leong

Mr Oscar Serra Duffo

Mr Juan Ignacio Acha-Orbea Echeverría

Mr Bernardo Corbera Serra

FLUIDRA, S.A.
AND SUBSIDIARIES

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

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

Fully consolidated subsidiaries

- Fluidra Commercial, S.A.U with registered office in Sabadell (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.

- Fluidra Comercial España, S.A.U. (merged with Certikin Pool Ibérica, S.L.U., previously Fluidra España, S.A.U.), with registered office in Polinyà (Barcelona), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.

- Astral Piscine, S.A.S., with registered office in Perpignan (France), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Fluidra Belgique, S.R.L. with registered office in Carcelles (Belgium), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Astralpool UK, Ltd., with registered office in Hants (England), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Fluidra Deutschland, GMBH, (merged with MTH Moderne Wassertechnik, AG) with registered office in Hirschberg (Germany), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Astral Italia, S.P.A., with registered office in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Fluidra Services Italia, S.R.L. with registered office in Brescia (Italy), the statutory activity of which involves rendering services and conducting real estate activities.

- Astral Pool Switzerland, S.A., with registered office in Bedano (Switzerland), the principal activity of which is the commercialisation of swimming pool-related materials.

- Fluidra Export, S.A., with registered office in 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 office in Jebel Ali (Dubai), dedicated to the commercialisation of equipment for swimming pools and water treatment and related accessories.

- Fluidra Tr Su Ve Havuz Ekipmanlari AS, with registered office in Kartal (Turkey), dedicated to the import of equipment, chemical products and other accessories for swimming pools, for their subsequent distribution.

- Fluidra Maroc, S.A.R.L., with registered office in Casablanca (Morocco), the statutory activity of which is the import, export, manufacture, commercialisation, sale and distribution of parts for swimming pools, irrigation and water treatment systems.

- Astral Bazénové Prilslusenstvi, S.R.O., with registered office in Praha-Vychod (the Czech Republic), the principal activity of which is the commercialisation of swimming pool-related accessories.

- Fluidra Danmark A/S, with registered office in Roedekro (Denmark), importer of technical components and equipment for all types of water treatment processes.

- Zao “Astral Sng”, with registered office in Moscow (Russia), the principal activity of which is the purchase of swimming pool-related materials for their subsequent sale on the domestic market.

FLUIDRA, 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)

- Fluidra Magyarország, kft., with registered office in Budapest (Hungary), the principal activity of which is the commercialisation and assembly of machinery and accessories for swimming pools, irrigation and water treatment and purification systems.
- Fluidra Polska SP, Z.o.o., with registered office in Wroclaw (Poland), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Fluidra Chile, S.A., with registered office in Santiago de Chile (Chile), the principal activity of which is the distribution and commercialisation of specific products for swimming pools, irrigation and water treatment and purification systems.
- Astral Pool México, S.A. de C.V., with registered office in Tlaquepaque (Mexico), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra USA, LLC, with registered office in Jacksonville (USA), dedicated to the commercialisation of swimming pool-related products and accessories.
- Astral India PVT LTD, with registered office in Mumbai (India), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra Portugal, Lda. Unipessoal, with registered office in São Domingo da Rana (Portugal), dedicated to the manufacture, sale and purchase, distribution commercialisation, export and import of all types of swimming pool-related products.
- Pool Supplier, S.L.U., with registered office in Polinyà (Barcelona), dedicated to the sale and purchase of swimming pool-related products and the distribution of these products among Group companies.
- Fluidra Hellas, S.A. with registered office in Aspropyrgos (Greece), the principal activity of which is the distribution of swimming pool-related materials.
- Ya Shi Tu (Ningbo Water Treatment Equipment, LTD)., with registered office in Donquiao Town (China), the principal activity of which is the commercialisation of swimming pool-related products.
- Astral Pool Australia PTY LTD, with registered office in Melbourne (Australia), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems. This is the parent of the Astral Holdings Australia Pty Ltd. Group, the parent of which has 100% of the capital of the companies Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd., Hurlcon Research Pty Ltd. (dormant), Rolachem Pty Ltd. (dormant) and Hendy Manufacturing Pty Ltd. (wound up) and also Astral Pool Australia Pty Ltd.
- Astral Pool Hongkong CO. LTD, with registered office in Hong Kong (Hong Kong), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Singapore PTE LTD, with registered office in Singapore (Singapore), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Balkans JSC, with registered office in Plovdiv (Bulgaria), the principal activity of which is the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for the maintenance of swimming pools and water systems.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co. Ltd., with registered office in Tower E, Building 18, num. 238, Nandandong Road, Xu Hui District (Shanghai), the principal activity of which is the commercialisation of swimming pool products.
- Blue Water Parts, S.A.S., with registered office in Villeurbanne (France), mainly dedicated to selling replacement materials for swimming pools.
- Astralpool Cyprus LTD, with registered office in Limassol (Cyprus), the principal activity of which is the distribution 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

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

- Metalast, S.A.U., with registered office in Polinyà (Barcelona), dedicated to the manufacture of metal products, piping and street furniture, and the wholesale of accessories.

- Poltank, S.A.U. with registered office in 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 office in Sant Jaume de Llierca (Girona), the principal activity of which is the transformation, commercialisation and sale of plastic materials as well as the manufacture, assembly, transformation, purchase and sale and distribution of all types of apparatus and tools for lighting and decoration; trading on both domestic and foreign markets of all types of products and goods, directly or indirectly related to the aforementioned products; representation of firms and mercantile and industrial companies dedicated to the manufacture of the above-mentioned products in Spain and abroad.

- Unistral Recambios, S.A.U., with registered office in Maçanet de la Selva (Girona), the statutory activity of which involves the manufacture, sale and purchase and distribution of machinery, accessories, spare parts, components and specific products for the treatment and purification of water.

- Talleres del Agua, S.L.U., with registered office in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria), the statutory activity of which involves the construction, sale, installation, conditioning and maintenance of swimming pools, as well as the manufacture, sale and purchase, import and export of all types of swimming pool-related tools.

- Togama, S.A.U., with registered office in Villareal (Castellón), the statutory activity of which is the manufacture of ceramic insulators and insulating parts for electrical installations.

- Fluidra Industry, S.A.U. (merged with Inmobiliaria Swim 38, S.L.U.), with registered office 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 office in Sant Joan Les Fonts (Girona) is dedicated to the manufacture of rubber moulded parts and all kinds of natural rubber and synthetic products; the development of techniques for the maintenance of pressure cylinders; their repair and modification and in general, the preparation, manufacture and transformation of all kinds of rubber and plastic products.

- Ningbo Linya Swimming Pool & Water Treatment Co. Ltd, with registered office in Ningbo (China), the statutory activity of which is the design, research and development and manufacture of equipment for swimming pools and water disinfection, pumps, dehumidifiers, metallic products, plastic products and vitreous linings.

- Turcat Polyester Sanayi Ve Ticaret A.S., with registered office in Istanbul (Turkey), the statutory activity of which is the production, import, export and commercialisation of products and accessories, purification filters and chemical products.

- Europeenne de Couverteurs Automatiques, S.A.R.L. (merged with Pacific Industries, S.A.S.), with registered office in Perpignan (France), the statutory activity of which is the manufacture of motorised swimming pool covers.

- Aquant (Shanghai) Trading Co. LTD, with registered office in Shanghai, the statutory activity of which is the commercialisation, import and export of swimming pool equipment, accessories and other swimming pool sector-related components, together with the rendering of services related to its statutory activity.

- Ningbo Dongchuan Swimming Pool Equipments Co, LTD, with registered office in Ningbo (China), the statutory activity of which is the manufacture and installation of swimming pool equipment, brushes, plastic and aluminium products, industrial thermometers, water disinfection equipment and water testing equipment. It also imports and exports technology for its own use or as an agent.

- I.D. Electroquimica, S.L., with registered office in Alicante (Spain), the statutory activity of which is the sale of all kinds of machinery for the development of electrochemical processes and reactors.

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

- Swimco Corp., S.L.U, with registered office in Munguia (Vizcaya, Spain) the statutory activity of which involves the holding and use of shares, securities and other interests and advising, managing and administrating the companies in which it has an interest.

- Manufacturas Gre, S.A.U., with registered office in Munguia (Vizcaya, Spain), the statutory activity of which involves the manufacture and commercialisation of swimming pool-related products, materials and accessories.

- Certikin Italia, S.p.A., with registered office in Brescia (Italy), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.

- Me 2000, S.R.L., with registered office in Brescia (Italy), the statutory activity of which is the development and lease of buildings.

- Certikin International, Ltd., with registered office in Witney Oxon (England), the principal activity of which is the commercialisation of swimming pool-related products.

- Hydroswim International, S.A.S., with registered office in La Chevroliere (France), the principal activity of which involves the manufacture and commercialisation of swimming pool filters and pumps.

- Industrias Mecánicas Lago, S.A.U., with registered office in Sant Julià de Ramis (Girona), the statutory activity of which involves the manufacture and commercialisation of water pumps, swimming pools and associated accessories.

- Certikin Swimming Pool Products India Private Limited, with registered office in Bangalore (India), the principal activity of which is the commercialisation of swimming pool-related products.

- Cepex, S.A.U., with registered office in Granollers (Barcelona, Spain), the principal activity of which is the manufacture and distribution of injected plastics and in particular, plastic parts for valves.

- Pro Cepex, S.R.L., with registered office in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.

- Cepex S.R.L., with registered office in Bedizzole, (Brescia, Italy), the principal activity of which is the commercialisation of fluid conduction products.

- Cepex USA Inc., with registered office in Jacksonville, Florida (USA), the principal activity of which is the commercialisation of fluid conduction products.

- Cepex Mexico, S.A. de CV., with registered office in Mexico City (Mexico), the principal activity of which is the commercialisation of fluid conduction products.

- Agro-Cepex, S.A.R.L., with registered office in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.

- Irrigaronne, with registered office in Zone Industrielle 47550, 47000 Agen (France), the activity of which is the assembly and repair of hydraulic installations for irrigation, agricultural hydraulics and mechanised agriculture.

- Certikin Middle East, FZE., with registered office in Dubai (United Arab Emirates), the principal activity of which is the commercialisation of fluid conduction products.

- Inquide, S.A.U., with registered office in Polinyà (Barcelona, Spain), the principal activity of which is the manufacture of products and chemical specialities in general, with the exclusion of pharmaceuticals.

- Certikin France, S.R.L., with registered office in Perpignan (France), the principal activity of which is the commercialisation of chemical water disinfection products.

- Inquide Italia, S.R.L., with registered office in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of chemical water disinfection products.

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)

- Certikin Portugal, S.A. with registered office in Estrada Nacional 249 – Parque Industrial Cabra Figa, Lote 15 Cabra Figa (Portugal), the principal activity of which is the commercialisation of chemical water disinfection products.

- Astramatic, S.A.U., with registered office in Les Franqueses del Vallès (Spain), the principal activity of which is the commercialisation and manufacture of industrial water treatment equipment and items to be applied in the water sector.

- ATH Aplicaciones Técnicas Hidráulicas, S.L.U., with registered office in Cervelló, Calle Joan Torruella I Urbina, 31 (Barcelona, Spain), the activity of which is the wholesale and retail sale of machinery, materials, tools and accessories for water installations and treatment systems.

- Calderería Plástica del Norte, S.L., with registered office in Rentería (Guipúzcoa, Spain), the principal activity of which is the manufacture and commercialisation of plastic water purifying and treatment equipment.

- Trace Logistics, S.A.U, with registered office in Massanet de la Selva (Girona, Spain), the statutory activities of which is the consignment of goods in its warehouses and premises for storage, control and distribution to third parties upon request of the consigner; storage, loading and unloading and other supplementary services required to manage the distribution of these goods upon instruction of the consigner, as well as transport hiring and management.

- AP Inmobiliere, with registered office in Perpignan (France), the statutory activity of which is the development and rental of real estate.

- Accent Graphic, S.L.U., with registered office in Santa Perpètua de Mogoda (Spain), dedicated to rendering all types of advertising and graphic design services. Responsible for the corporate image of the Astral Group by designing price lists, catalogues, etc.

- Fluidra Services France, S.A.S. with registered office in Perpignan (France), the principal activity of which involves rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.

- Fluidra South Africa (Pty) Ltd. (formerly Astral South Africa (Pty) Ltd.), with registered office in Brooklyn (Pretoria), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.

- Way Fit, S.L., with registered office in 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 office in Zhenhai (China), the statutory activity of which is the production and installation of swimming pool heating pumps, and products for their assembly.

- Astralpool (Thailand) Co., Ltd, with registered office in Samutprakarn (Thailand), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra (Thailand) Co., Ltd, with registered office in Samutprakarn (Thailand), dedicated to the holding and use of stocks and shares.

- Fluidra Services España, S.L.U., with registered office in Polinyà (Spain), mainly involved in rendering administration services, providing legal, tax and financial services, managing and training personnel, and providing IT services.

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 Services Portugal, Unipessoal Lda., with registered office in São Domingo da Rana (Portugal), mainly involved in rendering administration services, providing legal, tax and financial services, managing and training personnel, and providing IT services.

- Fluidra México, S.A. DE CV. with registered office in Mexico City (Mexico), the statutory activity of which is the purchase and sale, import, export, storage, manufacture and general commercialisation of all types of all types of products, equipment, components, machinery, accessories and specific chemical products for the construction of swimming pools, irrigation and water treatment.

- Fluidra Egypt, Egyptian Limited Liability Company, with registered office in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.

- W.I.T. Egypt, Egyptian Limited Liability Company, with registered office in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Österreich GmbH "SSA", with registered office in Salzburg (Austria), the principal activity of which is the commercialisation of swimming pool products. This company is jointly managed.

- Splash Water Traders Private Limited, with registered office in Chennai (India), the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Adriatic, D.O.O. with registered office in Belgrade (Serbia), the principal activity of which is the commercialisation of swimming pool accessories.

- PØ Leg & Teknik A/S with registered office in Denmark, the principal activity of which is the commercialisation of swimming pool accessories.

- Fluidra Malaysia SDN BHD with registered office in Johor (Malaysia), the principal activity of which is the commercialisation of swimming pool accessories.

- Astramatic Malaysia SDN BHD with registered office in Johor (Malaysia), the principal activity of which is the commercialisation of swimming pool accessories.

- US Pool Holdings, Inc. with registered office in Delaware (United States) dedicated to the holding and use of shares.

- Aquaproducts Inc. with registered office in New Jersey (United States), the principal activity of which is the manufacture and distribution of automatic cleaners for private and public pools.

- Aquatron Robotic Technology, Ltd., with registered office in Afula (Israel), the principal activity of which is the manufacture and distribution of automatic cleaners for private and public pools.

- Fluidra Brasil Indústria e Comércio LTDA. with registered office in Jardim Sao Luis (Brazil), the principal activity of which is the commercialisation, import, export and distribution of equipment, products and services for fluid conduction, irrigation, swimming pools and water treatment. It also holds shares and investments in other companies and renders technical assistance services for machinery, filters and industrial and electrical and electronic equipment and leases industrial and electrical and electronic machinery and equipment.

- Fluidra Al Urdoun Fz., with registered office in Zarqa Free Zone (Jordan), the principal activity of which is the commercialisation of material for swimming pools.

- Fluidra Romania, S.A. (previously Fluidra Balkans, S.A.), with registered office in Bucharest (Romania), the principal activity of which is the purchase and sale and distribution of machinery, equipment, material, accessories and specific products and equipment for swimming pool maintenance and water and irrigation systems.

- Fluidra Montenegro DOO, with registered office in Podgorica (Montenegro), the principal activity of which is the purchase and sale and distribution of machinery, equipment, material, accessories and specific products and equipment for swimming pool maintenance and water and irrigation systems.

FLUIDRA, 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 Indonesia, PT, with registered office in Jakarta (Indonesia), the statutory activity of which is the purchase and sale, import, export, storage, manufacture and general commercialisation of all types of products, equipment, components, machinery, accessories and specific chemical products for the construction of swimming pools, irrigation and water treatment.

- Pools, S.A.S., with registered office in Mouans Sartoux (France), the principal activity of which is to act as a commercial agent in France and the European Union for raised swimming pool products and accessories.

- Fluidra Youli Fluid Systems (Wenzhou) Co., LTD, with registered office in Luishi Town, Yueqing City (China), the principal activity of which is the development, production and sale of fluid conduction products.

- Fluidra JV Youli, S.L.U., with registered office in Sabadell (Barcelona), dedicated to the administration, management and operation of its investment in the share capital of the Chinese company "Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.

- Fluidra Colombia, S.A.S., with registered office in Montevideo-Bogotá D.C. (Colombia), dedicated to the purchase and sale, distribution, commercialisation, import and export of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems in general, built with metal as well as all kinds of plastic and plastic derivatives.

- Veico Com. Br. Indústria e Comércio, LTDA with registered office in Ciudad de Brusque (Brazil) is dedicated to the manufacture and commercialisation of all kinds of articles and accessories for swimming pools.

- Fluidra Sverige AB with registered office in Mölndal (Sweden), whose principal activity is the purchase, sale, import and export of product categories and products directly or indirectly required to commercialise materials for swimming pools, water treatment equipment and related activities.

- Fluidra Projects USA, Inc. with registered office in Wilmington (US), the statutory activity of which comprises management, advisory services and execution of projects and works relating to sports, leisure and health centres, employing its own technical, personnel and organisational resources or subcontracting to third parties.

Equity-accounted associates

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

In addition, during the year Catpool, S.A. de C.V. and Pisciwellness Domiciliario, S.L.U. were wound up and the Group disposed of Inquevap A.I.E. and Wayfit (Thailand) Co. Ltd.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

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

	% Ownership		
	Direct	Indirect	
Details of fully consolidated subsidiaries			
FLUIDRA COMMERCIAL, S.A.U.	100%		
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100%	Merged with Certikin Pool Iberica, S.L.
FLUIDRA BELGIQUE, S.R.L.		100%	
ASTRALPOOL UK, LTD.		100%	
FLUIDRA DEUTSCHLAND GmbH		100%	Merged with MTH-Moderne Wassertechnik AG
ASTRAL ITALIA, S.P.A.		100%	
FLUIDRA SERVICES ITALIA, S.R.L.		100%	
ASTRAL POOL SWITZERLAND, S.A.		100%	
FLUIDRA EXPORT, S.A.		95%	
YA SHI TU (Ningbo) Water Treatment Equipment, Ltd.		95%	
FLUIDRA MIDDLE EAST FZE		100%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS		51%	
FLUIDRA MAROC, S.A.R.L.		95.5%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%	
FLUIDRA DANMARK A/S		100%	
FLUIDRA SVERIGE AB		100%	(5)
ZAO "ASTRAL SNG"		80%	
FLUIDRA MAGYARORSZÁG Kft.		90%	
FLUIDRA CHILE S.A.		99.48%	
FLUIDRA POLSKA, SP. Z.O.O.		95%	
ASTRAL INDIA Pvt, Ltd.		95%	
FLUIDRA PORTUGAL, LDA.		100%	
FLUIDRA HELLAS, S.A.		96.96%	
ASTRAL POOL MEXICO, S.A. DE C.V.		93.83%	
POOL SUPPLIER, S.L.U.		100%	
TURCAT POLYESTER SANAYI VE TICARET,A.S.		49.85%	
ASTRAL POOL AUSTRALIA PTY LTD		100%	(3)
ASTRAL POOL HONG KONG CO, Ltd.		100%	
FLUIDRA SINGAPORE PTE. LTD		100%	
FLUIDRA BALKANS JSC		66.67%	
ASTRALPOOL 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%	
ASTRAMATIC, S.A.U.		100%	
FLUIDRA SOUTH AFRICA (Pty), Ltd.		100%	
WAY FIT, S.L.		100%	
ASTRALPOOL (THAILAND) CO, Ltd.		100%	
FLUIDRA (THAILAND) CO, Ltd.		100%	
PRO CEPEX, S.R.L.		100%	
CEPEX S.R.L.		79%	
CEPEX USA INC.		90%	

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

CEPEX MEXICO, S.A. DE C.V.		100%	
AGRO-CEPEX, S.A.R.L.		100%	
CERTIKIN MIDDLE EAST FZE		100%	
INQUIDE ITALIA, S.R.L.		85%	
SPLASH WATER TRADERS PRIVATE LIMITED		85%	
FLUIDRA ÖSTERREICH Gmbh "SSA"		100%	
FLUIDRA ADRIATIC, D.O.O.		60%	
PØ LEG & TEKNIK A/S		51%	
FLUIDRA MALAYSIA SDN.BHD.		100%	
ASTRAMATIC MALAYSIA SDN.BHD.		99.9%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO, LTDA		100%	
FLUIDRA ROMANIA S.A.		67%	
FLUIDRA AL URDOUN FZ		70%	
FLUIDRA INDONESIA PT.		100%	
FLUIDRA MONTENEGRO, DOO		60%	
FLUIDRA YOULI FLUID SYSTEMS (WENZHOU) CO, LTD.		70%	
FLUIDRA J.V. YOULI, S.L.U.		100%	
FLUIDRA COLOMBIA,S.A.S		100%	
VEICO COM. BR. INDÚSTRIA E COMÉRCIO LTDA		100%	(6) / (4)
FLUIDRA INDUSTRY, S.A.U.	100%		Merged with I. SWIM 38, S.L.
METALAST,S,A,U.		100%	
POLTANK, S.A.U.		100%	
SACOPA, S.A.U.		100%	
UNISTRAL RECAMBIOS, S.A.U.		100%	
TALLERES DEL AGUA, S.L.U.		100%	
TOGAMA, S.A.U.		100%	
PRODUCTES ELASTOMERS, S.A.		70%	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD.		100%	
TURCAT POLYESTER SANAYI VE TICARET,A.S.		50%	
AQUANT (SHANGHAI) TRADING CO, Ltd.		100%	
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENTS CO, Ltd.		70%	
I.D. ELECTROQUÍMICA, S.L.		60%	
CEPEX S.A.U.		100%	
INQUIDE, S.A.U.		100%	
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	
LOITECH (NINGBO) HEATING EQUIPMENT CO, Ltd.		80%	
ATH APLICACIONES TÉCNICAS HIDRÁULICAS, S.L.U.		100%	
US POOL HOLDINGS, INC		100%	
AQUAPRODUCTS, INC		100%	
AQUATRON ROBOTIC TECHNOLOGY, LTD		100%	
FLUIDRA USA LLC		100%	
FLUIDRA PROJECTS USA, INC.		100%	(5)
A.P. IMMOBILIERE		100%	
SWIMCO CORP., S.L.U.	100%		
MANUFACTURAS GRE, S.A.U.		100%	
CERTIKIN ITALIA, S.p.A.		94.77%	
ME 2000, S.R.L.		100%	
CERTIKIN INTERNATIONAL, LTD.		100%	

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

HYDROSWIM International, S.A.S.		100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	
CALDERERÍA PLÁSTICA DEL NORTE, S.L.		80%	(4) - 100%
CERTIKIN PORTUGAL, S.A.		80%	
POOLS, S.A.S		100%	
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%	Merged with Pacific Industries, S.A.S.
IRRIGARONNE, S.A.S.		100%	
CERTIKIN FRANCE, S.A.R.L.		100%	
TRACE LOGISTICS, S.A.U.	100%		
ACCENT GRAPHIC, S.L.U.	100%		
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%		
FLUIDRA SERVICES PORTUGAL, Unipessoal Lda	100%		

Details of equity-accounted associates

ASTRAL NIGERIA, LTD.		25%	(1)

Details of companies consolidated at cost

DISCOVERPOOLS COM, INC.		11%	(2)

(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 Pool Australia Pty Ltd is a group of companies in which the parent holds a 100% interest in the capital of the Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, Rolachem Australia Pty Ltd and Hendy Manufacturing Pty Ltd.
(4) Companies which have been fully consolidated in the annual accounts and for which the carrying amount of non-controlling interests have been derecognised (see note 5)

(5) New companies of 2013.

(6) Companies acquired in 2013.
(7) In the year Catpool S.A. de C.V. and Pisciwellness Domiciliario, S.L.U were wound up, having been consolidated at 92.89% and 100%, respectively, in 2012.
(8) In the year, the Group disposed of Inquevap Energía, S.L. and Wayfit (Thailand) Co. Ltd., which were consolidated at 30% and 100%, respectively, in 2012.

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)

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

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2013

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

	EUROPE	EXPANSION	OPERATIONS	Shared services	Adjustments and derecognition	Total consolidated figures
	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012
Sales to third parties	381,582	174,411	72,765	-	-	628,758
Sales to third parties in Spain	111,009	2,002	17,644	-	-	130,655
Sales to third parties in France	112,467	1,388	18,005	-	-	131,860
Inter-segment sales	15,772	17,915	224,904	-	(258,591)	-
Sales of merchandise and finished goods of the segment	397,354	192,326	297,669	-	(258,591)	628,758
Services rendered and non-current self-constructed assets	6,941	3,286	7,750	1,555	(755)	18,777
Depreciation and amortisation and impairment	(3,332)	(8,666)	(20,176)	(26,340)	12,259	(46,255)
Results from operating activities of reportable segments	22,255	13,870	29,413	(55,604)	11,490	21,424
Finance income	2,267	7,605	6,803	6,688	(5,172)	18,191
Finance costs	(1,795)	(1,692)	(3,850)	(12,112)	369	(19,080)
Exchange gains/ (losses)	683	(682)	1,246	(1,519)	455	183
Share of profit/ (loss) of associates	-	-	-	88	-	88
Profit before income tax	23,410	19,101	33,612	(62,459)	7,142	20,806
Income tax recoverable / (expense)	(4,536)	(3,946)	(7,256)	12,903	(1,397)	(4,232)
Profit from continuing operations	18,874	15,155	26,356	(49,556)	5,745	16,574
EBITDA	27,398	22,694	51,052	(28,161)	(768)	72,215
Other significant non-monetary items before income tax:	(803)	118	(6)	(332)	(1,001)	(2,024)

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2013

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

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

[1] Defined as trade and other receivables

[2] Defined as trade and other payables

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2013

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

	EUROPE	EXPANSIÓN	OPERATIONS	Shared services	Not allocated	Eliminations	Total consolidated figures
	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012
Assets							
Total non-current assets Spain	7,387	19	63,359	20,960	602,863	-	694,588
Total non-current assets Other	10,406	43,240	32,742	4,510	56,488	-	147,386
Total non-current assets Eliminated	-	-	-	-	-	(445,965)	(445,965)
Total non-current assets	17,793	43,259	96,101	25,470	659,351	(445,965)	396,009
Current operating assets[1]	143,088	91,558	130,669	43,297	-	(118,391)	290,221
Current operating liabilities[2]	60,236	45,972	44,633	41,577	-	(95,586)	96,832
Net working capital	82,852	45,586	86,036	1,720	-	(22,805)	193,389
Current non-operating assets	-	-	-	-	199,502	(143,016)	56,486
Current non-operating liabilities	-	-	-	-	221,084	(144,359)	76,725
Total current assets	143,088	91,558	130,669	43,297	199,502	(261,407)	346,707
Total current liabilities	60,236	45,972	44,633	41,577	221,084	(239,945)	173,557
Total non-current liabilities	-	-	-	-	226,995	9,624	236,619
Additions of non-current assets other than financial instruments and deferred tax assets	3,014	5,525	12,042	2,330	76	-	22,987

[1] Defined as trade and other receivables

[2] Defined as trade and other payables

Fluidra, S.A. and Subsidiaries

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

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

Name of director	Company	Position	Ownership %	No. of shares
Eloy Planes Corts	Astral Nigeria, Ltd.	Board member	---	---
	Astral Italia, S.P.A.	Sole director	---	---
	Astral Bazenove Prislusentsvi, S.R.O.	Joint and several director	---	---
	Astral India Private, Limited	Board member	---	---
	Fluidra Singapore, Pte Ltd.	Board member	---	---
	Certikin International, Limited	Board member	---	---
	AP Inmobiliere	Sole director	---	---
	Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi	Board member	---	---
	Certikin Portugal, S.A.	Board member	---	---
	Zao Astral, SNG	Board member	---	---
	Fluidra Polska, SP. Z.O.O.	Board member	---	---
	Fluidra México, S.A. de C.V.	Board member	---	---
	Fluidra Danmark AS/	Board member	---	---
	Fluidra Magyarorszàg Kft.	Joint and several director	---	---
	Fluidra USA, LLC.	Chairman	---	---
	Fluidra Chile, Sociedad Anónima Cerrada	Board member	---	---
	Fluidra Deutschland Gmbh	Joint and several director	---	---
	Fluidra Hellas, S.A.	Board member	---	---
	Fluidra Balkans JSC	Board member	---	---
	Astralpool UK, Limited	Board member	---	---
	Fluidra Tr Sv Ve Havuz Equipmanlari AS	Board member	---	---
	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.	---	---
	Swimco Corp, S.L.U.	Representative of the sole director, Fluidra, S.A.	---	---
	Astralpool Cyprus, Ltd	Board member	---	---
	Inquide Italia, SRL	Board member	---	---
	Astral Pool Cyprus, LTD	Board member	---	---
	Fluidra Indonesia, PT	Board member	---	---
	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.	Representative (not a director)		
	DISPUR, S.L. (*)	Board member	10.00%	12,194.00

This appendix forms an integral part of note 29 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 and 2012, prepared in accordance with IFRS-EU, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

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

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

Name of director	Company	Position	Ownership %	No. of shares
Eloy Planes Corts	Fluidra Adriatic, D.O.O.	Board member / Chairman	---	---
	Fluidra Malaysia SDN.BHD.	Board member	---	---
	U.S. Pool Holdings, Inc.	Board member / Chairman	---	---
	Fluidra Montenegro, DOO	Board member	---	---
	Aquaproducts, Inc.	Board member / Chairman	---	---
	Aquatron Robotic Technology, LTD.	Board member / Chairman	---	---
	Fluidra, S.A.	Managing director	0.06592%	74,247
	Astral Pool Australia Pty Ltd.	Board member	---	---
	Pø Leg & Teknik A/S	Board member	---	---
	Fluidra Youli Fluid Systems (Wenzhou) Co, Ltd.	Board member	---	---
	Fluidra Colombia, S.A.S.	Joint and several director	---	---
	Fluidra Romania, S.A.	Chairman	---	---
	Cepex, S.R.L.	Board member	---	---
	Fluidra Brasil Indústria e Comércio Ltda.	Board member	---	---
	Aquant (Shanghai) Trading Co., Ltd.	Board member	---	---

This appendix forms an integral part of note 29 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2013 and 2012, prepared in accordance with IFRS-EU, in conjunction with which it should be read.

Fluidra, S.A. and Subsidiaries

Details of results by segment
for the year ended 31 December 2012
(Expressed in thousands of Euros)

Name of director	Company	Percentage ownership	Position or duties
Mr. Juan Planes Vila	Dispur, S.L.(*) Preblau, S.R.L. (indirectly through Dispur)	51.34% 61.11%	Chairman
Mr. Oscar Serra Duffo			
Mr. Bernardo Corbera Serra			
Aniol, S.L.			
BanSabadell Inversió Desenvolupament, S.A.			
Mr. Juan Ignacio Acha-Orbea Echevarría			
Mr. Kam Son Leong			
Mr. Richard J. Cathcart			

(*) As the activity of the holding company is ownership of all kinds of companies (section d of the statutory activity of Fluidra, S.A.)