PROSPECTUS

PUBLIC OFFER FOR THE SALE AND SUBSCRIPTION OF SHARES IN FLUIDRA, S.A.

Initial number of shares offered: 44,082,943

Extendable up to a maximum of: 4,898,106 additional shares

11 October 2007

This prospectus was approved and registered by the Comisión Nacional del Mercado de Valores (Spanish Securities Commission) on 11 October 2007

The Registration Document and the Securities Note contained in this Prospectus have been drawn up in accordance with the forms specified in Annexes I and III, respectively, of Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements,

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I. SUMMARY

I. SUMMARY

This Summary conveys the essential characteristics and risks associated with the Issuer and the securities described in this Prospectus (the "**Prospectus**"). It is expressly stated that:-

a) This summary should be read as an introduction to the Prospectus;

b) Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; and

c) Civil liability attaches to those persons who are responsible for the Summary, only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1. DESCRIPTION OF THE TRANSACTION

The transaction consists of a public offer for sale (hereinafter the "**Offer**"), without this including a public offer for the subscription of shares, and admission to trading of the shares of Fluidra, S.A. (hereinafter the "**Issuer**", "**Fluidra**" or the "**Company**") whose nominal amount, without including the shares comprised in the purchase option (green shoe), is 44,082,943 shares with a nominal value of one euro (€1) each, resulting in a total nominal amount of €44,082,943 and €48,981,049 if the green shoe option is exercised.

The amount of the Offer may be increased should the Global Coordinators exercise the green shoe option that part of the Offering Shareholders intend to grant to said Coordinators over 4,898,106 Company shares representing a total nominal amount of €4,898,106. Therefore, the total Offer amounts to a total nominal sum of €44,082,943 (which represents 39.14% of the Company's share capital) if the green shoe option is not exercised, and €48,981,049 (which represents 43.49% of the Company's share capital) if the green shoe option is exercised.

The amount of the Offer stated above and, therefore, the number of shares offered to investors under the Offer may be reduced by agreement between the Company, acting for and on behalf of the Offering Shareholders, and the Global Coordinators, subject to the following requirements, which will be exclusive:

a. Before setting the Maximum Retail Price, the number of shares included in the Offer may be reduced –although the number of shares included in the Offer may not under any circumstances be below 25% of the Company's share capital– according both to the number of shares initially offered by each of the Offering Shareholders and to the shares allotted to each Tranche. In this event, Fluidra shall (i) immediately submit the relevant addendum to the Note on the Shares for approval by the CNMV; and (ii) publicise the decision through the same medium as the Prospectus.

b. Should there be a reduction in the number of shares offered under the Offer after the fixing of the Maximum Retail Price and before the fixing of the Offer Price, the following requirements must be met: (i) the said reduction may include up to 4,898,106 shares; (ii) the decision must be publicised through the same medium as the Prospectus; and (iii) Fluidra must notify CNMV of the decision through a 'relevant fact' (*hecho relevante*) no later than the working day following the adoption of the decision, and open a revocation period so that the applicants that have placed purchase mandates or requests may revoke them in their entirety. Where appropriate, said relevant fact must include a new calendar for the Offer from that date.

This unique period designed for the revocation of Mandates and Requests will last for three working days from notification of the decision to the CNMV through a relevant fact, as stated above.

Any reduction in the size of the Offer must be notified to the CNMV within the same day as it occurs or on the following working day.

Recipients

Tranche	Shares initially allotted (1) (2)	% of Offer (1)
Retail tranche	13,014.883	29.52%
Spanish Tranche for Qualified Investors	8,816,589	20%
Employee tranche	210,000(3)	0.48%
International tranche	22,041,471	50%

(1) Not including the green shoe option.

(2) The number of shares allotted may vary according to the re-allotment among Tranches, where appropriate.

(3) The Employee Tranche may be extended up to 300,000 shares

In the event of a variation in the number of shares included in the Offer, the number of shares initially allotted to each of the Tranches in the Offer will be modified. In this event, the amount of the green shoe option may also be modified accordingly, however it may not in any event exceed 11.11% of the Offer taken as a whole.

Price range

For the sole purpose of providing investors with a reference price when placing their purchase requests, the Company and the Global Coordinators have mutually agreed on an indicative and non-binding price range for the Company shares included in this Offer of between 6.22 and 7.55 per share (the "**Price Range**"). This Price Range means allocating the Company a market capitalisation or market value for all of its shares of between 700,552,000 and 850,349,000 euros approximately, which, based on the consolidated financial statements as at 31 December 2006 prepared in accordance with the International Financial Reporting Standards introduced by the EU ("**EU-IFRS**"), implies a PER of between 25.50 and 30.95. It is expressly stated that the Price Range has been set by Fluidra by mutual agreement with the Global Coordinators, and that no independent expert has assumed any responsibility whatsoever for the valuation of the shares in Fluidra resulting from the said Price Range. The said Price Range has been established in accordance with company valuation procedures generally accepted by the market for this type of transaction (including company value/EBITDA and cash flow discount) and taking into account the Company's own circumstances and characteristics and the current situation of the international financial markets. It is hereby stated that the final price or prices of the shares included in the Offer may not be situated within the aforementioned Price Range.

Admission to trading

All of the Company's shares are expected to be admitted to trading on 31 October 2007. However, should the shares not be admitted to trading by 30 November 2007, Fluidra undertakes to inform the investors of the reasons for the delay by sending an appropriate notice to the CNMV and by publishing an advertisement in at least one daily national newspaper.

Calendar

Action	Date
Signing of the Retail Tranche Placement Commitment and Underwriting Protocol	10 October 2007
Registration of the Prospectus by the CNMV	11 October 2007
Commencement of the Purchase Mandate Formulation Period Commencement of the Purchase Mandate Revocation Period Commencement of the Book Building Period	15 October 2007
End of the Purchase Mandate Formulation Period Setting of the Maximum Retail Price Signing of the Retail Tranche Underwriting and Placement Contract	22 October 2007
Commencement of the Public Offer period: Formulation and receipt of Binding Purchase Applications	23 October 2007
End of the Public Offer period: End of the Purchase Mandate Revocation Period	26 October 2007

Action	Date
Definitive allotment of shares to the Retail and Employee Tranche Implementation of the pro rata, where applicable	Until 29 October 2007
Setting the Offer prices Signing the Underwriting Contract for the Qualified Investors Tranche Selection of proposals Commencement of the proposal confirmation deadline	29 October 2007
End of the proposal confirmation deadline Allotment of shares to investors (Date of the Transaction)	30 October 2007
Official admission to trading	31 October 2007
Liquidation of the Offer	2 November 2007

2. DESCRIPTION OF THE ISSUER

Fluidra, S.A. is a Spanish public limited company established in 2002 under the name of "Aquaria de Inv. Corp., S.L.". As a public limited company, it is subject to the Spanish Companies Act (Ley de Sociedades Anónimas) and other related legislation, as well as to the regulations specific to its activity as stated below. It is the Parent Company of the Fluidra group ("**Fluidra Group**").

The Fluidra Group is a multinational business group oriented towards the sector of swimming pools, applied fluid transfer and water treatment, comprised of production plants and commercial branches. Fluidra constitutes a Spanish industrial group with strong international presence. At 31 December 2006 it employed over 3200 people and had 39 production plants around the world, characterised by the high degree of specialisation of its products, a circumstance which implies a need for the most advanced technology.

The Fluidra Group operates through two major business areas or divisions:

POOL Division	WATER Division
❑ Design, manufacture and distribution of components and accessories for swimming pools	❑ Manufacture of valves and accessories in a wide range of plastic materials for the transport, control and distribution of fluids.
	❑ Distribution of sprinkler devices.
	❑ Manufacture and distribution of equipment and consumables for water

POOL Division	WATER Division
	treatment in domestic and industrial fields.

3. KEY FINANCIAL FIGURES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005, 2006 AND 1ST 2007

The following tables contain the key financial figures shown in the consolidated balance sheet and profit and loss account of Fluidra, S.A. and subsidiary undertakings in respect of the financial years ended 31 December 2005 and 2004, prepared in accordance with accounting principles generally accepted in Spain and set out in the General Accounting Plan ("**PGC**") and other applicable legislation and in accordance with the Group-s consolidated financial statements for the financial years ended 31 December 2006 and 2005, prepared in accordance with EU-IFRS. The key figures of the balance sheet and profit and loss account corresponding to the six month periods ended 30 June 2007 and 2006 prepared under EU-IFRS are also presented.

Given that the WATER division of the Group, made up of the Neokem, Cepex and SNTE groups was acquired on 28 February and 30 March 2006 and that, therefore, the consolidated financial information relating to the financial year 2006 only includes 10 and 9 months of activity for this division, the directors of the Company have prepared pro forma consolidated financial information as at 31 December 2006 with the aim of providing financial information that includes 12 months of activity for the aforementioned acquired subgroups.

In addition, for the reasons described above, the directors of the Company have prepared pro forma consolidated financial information as at 30 June 2006 with the aim of facilitating comparison of the figures included in the consolidated profit and loss account shown in the interim consolidated financial statements made up to 30 June 2007.

All the financial information is expressed in thousands of euros.

3.1. Selected financial information regarding the issuer

3.1.1. Profit and Loss Account

	EU-IFRS			Pro forma
Key figures	**2006**	**2005**	**Variation % 06-05**	**2006**
Sale of goods and finished products	521,938	405,991	29%	546,178
Variation in stocks of finished product and in				

process and supplies of raw materials	263,874	214,858	23%	271,405
Gross margin	258,064	191,133	35%	274,773
Staff expenses	98,811	68,694	44%	105,038
Amortisation expenses	23,134	12,522	85%	26,270
Other operating expenses	96,273	72,143	33%	103,079
Income for provision of services	9,104	6,095	49%	9,458
EBIT	48,873	43,793	12%	49,767
EBITDA	72,007	56,315	28%	76,037
Profit attributed to holders of parent company's asset instruments	27,473	26,347	4%	27,813

	PGC		
Key Figures	**2005**	**2004**	**Variation 05-04**
Net turnover	405,991	374,085	9%
Procurements + Variation in stocks of finished products and products in process	212,898	195,562	9%
Gross margin	193,093	178,523	8%
Staff expenses	68,694	62,546	10%
Provisions for amortisation of fixed assets	13,831	12,614	10%
Other operating expenses + Changes in trade provisions	70,985	67,540	5%
Other operating income + Work carried out by the Group for fixed assets	6,041	6,440	(6%)
EBIT	43,526	41,326	5%
EBITDA	57,358	53,940	6%
Year profit attributed to the parent company	20,794	20,316	2%

3.1.2. Balance Sheet

Key figures of the EU-IFRS Balance Sheet

	EU-IFRS		Variation
	2006	**2005**	**06-05**
ACTIVO			

Key figures of the EU-IFRS Balance Sheet

Tangible fixed assets	142,915	69,975	104%
Real estate investments	4,466	1,274	251%
Goodwill	128,802	90,542	42%
Other intangible assets	29,230	1,025	2752%
Booked investments applying the equity method	68	206	(67%)
Non-current financial assets	5,348	3,085	73%
Other accounts receivable	7,790	-	N/A
Deferred tax assets	4,733	3,096	53%
Total non-current assets	**323,352**	**169,203**	**91%**
Total current assets	**337,600**	**227,926**	**48%**
Total ASSETS	**660,952**	**397,129**	**66%**

LIABILITIES

Net Assets	**288,994**	**187,525**	**54%**
Financial liabilities with credit institutions	101,817	59,823	70%
Derived financial instruments	607	203	199%
Deferred tax liabilities	30,855	2,405	1183%
Allowances	4,286	2,538	69%
Official subsidies	202	207	(2%)
Other non-current liabilities	1,570	5,218	(70%)
Total non-current liabilities	**139,337**	**70,394**	**98%**
Financial liabilities with credit institutions	117,574	64,455	82%
Trade creditors and other accounts payable	111,174	68,880	61%
Tax liabilities on current earnings	3,073	5,643	(46%)
Allowances	753	232	225%
Derived financial instruments	48	-	N/A

Key figures of the EU-IFRS Balance Sheet

Total current liabilities	**232,622**	**139,210**	**67%**
Total LIABILITIES	**660,952**	**397,129**	**66%**

Key figures on the PGC Balance Sheet PGC

	PGC		Variation
	2005	2004	05-04
ACTIVO			
Tangible fixed assets	61,520	55,240	11%
Goodwill	83,687	85,779	(2%)
Long-term investments+Start-up expenses	12,237	13,580	(10%)
Long-term investments	3,227	2,825	14%
Deferred expenses	650	746	(13%)
Total Fixed Assets	**161,321**	**158,170**	**2%**
Total current assets	**229,991**	**208,919**	**10%**
Total ASSETS	**391,312**	**367,089**	**7%**
Liabilities			
Shareholders' Equity+External Partners' Interest+Deferrable Income	**182,258**	**165,723**	**10%**
Financial liabilities with credit institutions	60,513	50,572	20%
Allowances	2,538	1,821	39%
Debts on fixed asset purchases +Other debts	5,218	8,116	(36%)
Long-term creditors+Provisions for contingencies and expenses	**68,269**	**60,509**	**13%**
Financial liabilities with credit institutions	64,532	57,380	12%

Trade creditors + Other non-trade creditors+Accrual accounts	76,021	83,313	(9%)
Provisions	232	164	41%
Total current liabilities	**140,785**	**140,857**	**-**
Total LIABILITIES	**391,312**	**367,089**	**7%**

3.2. Comparative data for the same period of the preceding financial year

3.2.1. Profit and loss account

	EU-IFRS			PRO FORMA	
Key Figures	**30/06/2007**	**30/06/2006**	**Variation % 07-06**	**30/06/2006**	**Variation % 07-06**
Sale of goods and finished products	390,457	301,072	30%	325,312	20%
Variation in stocks of finished products and in supplies of raw materials	197,840	156,524	26%	164,055	21%
Gross margin (1)	192,617	144,548	33%	161,257	19%
Staff expenses	59,269	45,742	30%	51,969	14%
Amortisation expenses	14,505	10,117	43%	13,253	9%
Other operating expenses	67,842	49,208	38%	56,014	21%
Income for provision of services	6,338	3,658	73%	4,012	58%
EBIT (2)	57,287	43,092	33%	43,986	30%
EBITDA (3)	71,792	53,209	35%	57,239	25%
Profit attributed to holders of parent company's asset instruments	33,659	24,410	38%	24,750	36%

– Calculated as the difference between the "Sale of good of finished products" and the "Variation in stocks of Finished Product and in the process of manufacture",

– Calculated by EBITDA – Amortisation Expenses,

– Calculated as Sales of goods and finished products + income for provision of services – variation of stock and procurements– staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method,

3.2.2. Balance sheet

Key Figures on the Balance Sheet

	EU-IFRS		Variation
	30/06/2007	**30/06/2006**	**07-06**
ASSETS			
Tangible fixed assets	148,384	140,226	6%
Real estate investments	2,401	4,499	(47%)
Goodwill	142,753	116,539	22%
Other intangible assets	35,606	26,635	34%
Booked investments applying the equity method	128	52	146%
Non-current financial assets	5,077	3,992	27%
Other accounts receivable	7,790	7,790	-
Deferred tax assets	4,736	1,825	160%
Total non-current assets	**346,875**	**301,558**	**15%**
Stocks	160,520	126,316	**27%**
Trade creditors and other accounts payable	308,030	256,684	**20%**
Other current financial assets	8,126	4,396	**85%**
Cash and other equivalent liquid amounts	34,507	38,251	**(10%)**
Total current assets	**511,183**	**425,647**	**20%**
Total ASSETS	**858,058**	**727,205**	**18%**
LIABILITIES			
Net Assets	**313,567**	**284,847**	**10%**
Financial liabilities with credit institutions	124,487	99,486	25%
Derived financial instruments	532	600	(11%)
Deferred tax liabilities	33,850	26,389	28%
Allowances	5,446	3,269	67%
Official subsidies	244	210	16%
Other non-current liabilities	5,453	1,376	296%

Key Figures on the Balance Sheet

	EU-IFRS		Variation
	30/06/2007	**30/06/2006**	**07-06**
Total non-current liabilities	**170,012**	**131,330**	**29%**
Financial liabilities with credit institutions	172,296	138,351	25%
Trade creditors and other accounts payable	186,322	154,608	21%
Tax liabilities on current earnings	14,927	17,492	(15%)
Allowances	892	328	172%
Derived financial instruments	42	249	(83%)
Total current liabilities	**374,479**	**311,028**	**20%**
Total LIABILITIES	**858,058**	**727,205**	**18%**

4. RISK FACTORS

Before taking the decision to invest in the shares presented in the Offer, the following risks, among others, must be taken into account since they could affect the business, results or financial situation of Fluidra and the Fluidra Group. These risks are not the only ones to which the holders of the Company's shares could be exposed in the future. There could be future risks, currently unknown or not considered important, that may affect the shares or the Company's business.

4.1. Risk factors concerning the securities offered and/or admitted to trading

Offer Price

The Company and the Global Coordinators have agreed on an INDICATIVE AND NON-BINDING price range for the Company shares included in the Offer of between 6.22 and 7.55 euros per share, where no independent expert has assumed whatsoever responsibility for the valuation of the shares in Fluidra resulting from the said Price Range. According to the aforementioned INDICATIVE AND NON-BINDING price range, market capitalisation or market value ranges from approximately 700,552,000 to 850,349,000 euros, with a PER of between 25.50 and 30.95, based on the financial statements as at 31 December 2006 and prepared in accordance with the International Financial Reporting Standards introduced by the EU ("**EU-IFRS**").

The said Price Range has been established in accordance with company valuation procedures generally accepted by the market for this type of transaction (including cash flow discount and the application of multiples of comparable listed companies, such as company value/EBITDA) and taking into account the Company's own circumstances and characteristics and the current situation of the international financial markets.

The Company believes that there is no comparable listed company in Spain and that, therefore, it is not necessary to compare the PER resulting from the INDICATIVE AND NON-BINDING price range. For merely illustrative purposes, as at 31 December 2006 the average PER on the Madrid Stock Exchange (IGBM) was 15.04.

Volatility of the price

Once they have been listed, the price of the shares may be volatile. The initial price of the Offer may not be indicative of the prices that prevail subsequently on the market. External factors, such as the recommendations of stock market analysts, the evolution of the industry and the global conditions of the financial markets or stock exchanges could have a significant negative effect on the price of the Company's shares. In addition, in recent years, the stock exchanges in Spain and all over the world have undergone significant levels of volatility in terms of the volume of trading and share prices. This volatility could have a negative effect on the Company's share price, regardless of its financial situation and operating results.

The sale of shares after the Offer

The sale of a substantial number of Fluidra' shares on the market after this Offer or the idea that the said sales could take place may have a negative effect on the price of the shares.

Subject to the limitations set out in subsection 7.3 of Chapter III Note on the Shares, the Offering Shareholders have undertaken not to transfer, directly or indirectly, their shares during a period of 180 days after the Transaction Date.

Liquid market for the shares

Prior to this Offer, Fluidra's shares are not listed on any secondary stock exchange. Fluidra shall apply for all its shares to be listed, but it is unable to ensure the development and maintenance of the active trading of the shares once the Offer ends, taking into account that, in principle, the free float shall be 45.06% (including the green shoe) and also taking into account the existence of lock-up commitments which are described in subsection 7.3 of Chapter III. Note on the Shares.

If an active trading market is not developed for the shares, in other words, if a certain level of liquidity is not maintained, investors could encounter difficulties for selling their shares and their sale price could be affected.

Abandonment and revocation of the Offer

The Company expressly reserves the right to abandon the Offer, postpone it, defer it or suspend it temporarily or indefinitely for whatsoever reason at any time before the final price of the Shares is set.

Furthermore, should the Company's shares not be listed on the stock exchange before 24:00 on 30 November 2007, all the tranches of the Offer shall be understood as automatically revoked under the terms and conditions laid down in section 5.1.4.3 of the Note on the Shares (Chapter III).

The abandonment or revocation of the Offer for this reason would not give rise to whatsoever liability for the Company or the Offering Shareholders or generate rights to indemnification in favour of investors.

Reduction of the Offer

In the event that, in accordance with the provisions of section 5.1.1 of the Securities Note, the number of shares that are the purpose of the initial offer should be reduced, the investment would be less liquid.

Minimum investment limits. Associated costs

In order to purchase shares, the investor must have a securities account in any of the entities of the underwriter syndicate. As a general rule, the banks charge fees for the maintenance of the securities accounts, irrespective of the number of securities held by the clients. For this reason, in portfolios with very few shares the expenses might be higher tan the yield obtained by the shares.

4.2. Risk factors specific to the issuer or to its activity sector

4.2.1. Business risks

Difficulties in the expansion strategy

The sales of the Group in 2006 are distributed between two divisions as follows: the POOL division implied 80% of total turnover, whereas the WATER division implied 20%. These percentages are calculated based on the total sales figure prior to eliminating internal sales between each of the two divisions. If the sales between divisions were eliminated, the result is as follows: the POOL division implied 86% of total turnover, whereas the WATER division implied 14%.

The growth and profitability of the Fluidra Group will depend largely on the success of the expansion strategy that the Group has defined for its POOL and WATER divisions.

(a) Consolidation and expansion of the WATER division

The success of the expansion strategy of the WATER division, in the implementation stage since its acquisition in February and March 2006, is conditioned to the capacity of the Group to repeat successfully the business model of the POOL division. The key elements to said model are the integration between manufacturing and distribution, international expansion taking advantage of synergies between both divisions and market consolidation through a sequence of acquisitions of small-size companies aimed at reinforcing the business model in the different markets in which Group operates

Bearing in mind the recent acquisition of the WATER division, there is no assurance that the application of a similar business model to that followed in the POOL division can be carried out successfully, in which case the growth strategy of the Group would be prejudiced.

(b) <u>Growth of the POOL division</u>

Some of the markets in which the POOL division of the Fluidra Group operates are characterised by their maturity; in particular the US markets (approximately 1.3% of sales in 2006), Australia (approximately 2.7% of sales in 2006) and, to a lesser extent, France (approximately 16.4% of sales in 2006).

As a result of the foregoing, the continuity of the growth of the POOL division, which at present holds a consolidated position in its main geographic markets, will depend on the innovation in its manufacturing processes, the incorporating of new added value products into its catalogue, its capacity to enter new developing geographic markets and the success of the acquisitions of small-size companies. Should these objectives not be reached, the growth of the POOL division and, therefore, the results of the Group, could be affected negatively.

It is worth mentioning that Spain (approximately 36.3% of sales in 2006) is considered a relatively mature market, since its growth rates have been stable in recent years.

(c) <u>Growth through acquisitions</u>

A relevant part of the growth and expansion strategy of the Group (both in the POOL and the WATER divisions) depends on the acquisition and integration of companies, which will require the Group to identify objective companies with a suitable profile for creating value, face contingencies and uncertainty regarding the potential profitability of acquisitions, negotiate attractive prices, integrate those businesses which have been acquired, taking advantage of their financial and operational synergies, and suitably manage the adaptation of the acquisitions to the business culture of the Fluidra Group.

Should the Group fail to achieve these objectives in their future acquisitions, the financial results of the Group could be adversely affected.

<u>Dependence of production centres and logistics centre and difficulties in transferring manufacturing to other centres</u>

The Fluidra Group manufactures part of its products in specialised production centres and manages a significant part of its distribution through its own logistics operator, Trace Logistics, S.A., through which the Group distributes approximately 80% of its production. Were any of the said production centres or logistics operator to be totally or partially destroyed, their operations be interrupted or were they non-productive as a result of an employment conflict or any other unexpected adverse situation, the business, financial situation and results of operations of the Fluidra Group could be affected negatively

Furthermore, the Group has limited capacity to transfer production and distribution quickly to other production and distribution centres and to create in a short space of time new production centres to compensate any interruptions or the loss of production capacity or to meet an unexpected increase in demand.

Key personnel, the loss of whom might damage the business

The success of the Fluidra Group depends largely on the efforts, knowledge, skill, relationships and experience of the members of the executive team and other key employees within the Fluidra Group. The possibility cannot be ruled out of some or all of the foregoing leaving the Group.

Goodwill arising from the acquisitions

In the balance sheet as on 30 June 2007, the Fluidra Group has goodwill amounting to 142.8 million euros, arising from the acquisitions made by the Group.

The non-obtaining of expected profits from a certain acquisition might result in a reduction in goodwill, which could negatively affect the financial result of the Group in a certain period.

Exchange rate risks

The appreciation of the euro in relation to other currencies may have a negative effect on the Fluidra Group's margins as a result of its transactions in other currencies, especially when the manufacturing costs are denominated in euros and the sales are completed in weaker currencies.

Given that the net result for the financial year and the assets and liabilities of many operative subsidiaries are entered in the accounts in currencies other than the euro, and that, therefore, they must be converted to euros in order to prepare the Company's consolidated financial statements, the appreciation of the euro in relation to other currencies could negatively affect the Group's consolidated result and shareholders' funds.

Pro forma financial information

Given the recent incorporation into the Fluidra Group of the WATER division, the Company is including in this information prospectus the pro forma financial statements in order to show a homogeneous financial comparison and avoid leading the investor into mistaken conclusions as to the financial progress of the Group.

Nevertheless, the information contained in the pro forma financial statements of the Group might not be representative of the operating and financial situation of the Fluidra Group subsequent to the acquisition of the SNTE Agua Group, Cepex Holding and Neokem Grup.

Protection and infringement of industrial and intellectual property rights

The protection of industrial and intellectual property rights is important for the business of the Group. It might be necessary for the Group to devote significant resources to monitor and protect itself against the infringement of its industrial and intellectual property rights by third parties.

Should the Group be unable to protect its industrial and intellectual property rights in an adequate manner, the company business, its financial situation and its results could be negatively affected.

Moroever, the Group could be sued by third parties who might claim infringement of their industrial and intellectual property rights, and it could also be affected by an increase of the competition with regard to some of its products protected by industrial and intellectual property rights when the exclusive patent over such products comes to an end.

4.2.2. Risks within the sector

Seasonal fluctuations and adverse weather conditions

The sales of products from the POOL division and, to a lesser extent, the sprinkling products of the WATER division of the Fluidra Group are conditioned by seasonal fluctuations in demand. In this sense, in the year 2006 approximately 60% of the total sales of the Group were made in the first half of the year. Along the same lines, the circulating capital of the Group generally enters a peak during the second term as a result of an increase in demand.

As regards the POOL division, the Group normally registers lower sales in the first and fourth quarters of each year, especially in the market of the so-called “Residential Swimming Pools” and the “Mass Market Swimming Pools”, due to demand for the same being so highly concentrated in the spring and summer seasons.

The Fluidra Group operates within highly competitive markets, where it might be necessary to cut prices or incur additional costs in order to protect its market share

The Fluidra Group faces competition from local, regional and global suppliers and distributors for swimming pools, water treatment, sprinkling and the transportation, control and distribution of fluids.

In particular, the POOL division competes directly and globally with various high-level producers and distributors of swimming pools and swimming pool components, all of which might be interested in devoting significant financial resources to protecting their market shares and even increasing them at the expense of that of the Fluidra Group. Some of these companies might accelerate the consolidation process of the industry in the markets in which the Group operates, thus increasing the latter's level of competitiveness.

In the WATER division, the tendencies towards consolidation in its business fields of water treatment and sprinkling products for gardening and agriculture might negatively affect the results of the Group.

Should the Group not be capable of developing the same economies of scale as its competitors have reached as a result of the consolidation of the markets or business lines in which it currently operates or in which it might operate in the future, the financial results of the Group could be adversely affected.

Current or future pressure from competition in certain market sectors in which the Fluidra Group operates might determine reductions in the prices of its products in order to maintain or increase its market share, a circumstance which might negatively affect operating margins and profitability.

Investment arising from technological changes

The appearance of new products and technology for their manufacture might involve the outlay of greater investment than that envisaged in order to adapt and modernise the production centres of the Group and renew their catalogue of products.

In view of this situation, the Group might not have access to suitable financing for the acquisition of the machinery required for the manufacture of the new products or for the implementing of new technology, circumstance which might weaken its capacity for growth.

Volatile nature of price of raw materials and components

The fluctuations in the supply and demand of raw materials and components used by the Fluidra Group, might have significant adverse effects on their cost and availability and, consequently, on the operating results of the Group.

Additionally, the volatile nature and upward trend of energy prices, particularly of electricity, natural gas and diesel oil, which affect the manufacturing and distribution costs of the products of the Group, might negatively affect the operating results of the Fluidra Group.

Both effects have a similar potential impact on the POOL and WATER divisions.

Connection to "discretional" spending and sensitivity to changes in the economic cycle

Given that the products marketed by both divisions are connected to the so-called "discretional" spending of consumers, the results and financial situation of the Fluidra Group might be affected by changes in the general economic cycle which affect the level of consumption and available income.

Dependence on the general economic condition of the markets on which the Company operates

The global market on which the Fluidra Group operates could lead to its results being affected by a wide variety of factors, including the following: (i) trade protection measures; (ii) state restrictions to the repatriation of funds; (iii) tax retentions on payments made by subsidiaries and potential negative consequences resulting from changes to applicable tax legislation; (iv) strict labour regulations; (v) difficulties in finding staff and managers for global operations; and (vi) changes in the economic or political conditions of certain countries or regions, especially on emerging markets.

Development and implementation of effective strategies and policies or the effective implementation of operations cannot be assured in each region in which the Group is present or may operate in the future. The lack of success in managing the risks associated with the international expansion of its operations could lead to legal responsibilities in certain foreign jurisdictions and a loss of productive effectiveness, leading to higher costs and an increase in pressure on profit margins.

Risks associated with product warranty and product liability claims

The business carried out by the Fluidra Group is exposed to possible risks from situations that determine product liability.

Thus, the Group could face claims that could give rise to obligations that would exceed the allotted funds, as well as the amounts provided accordingly in the corresponding insurance policies.

The entry barriers to the Mass Market Swimming Pool and Industrial Water Treatment markets are relatively low

The entry barriers to the mass-market swimming pool components market –a business that accounted for nearly 5.6% of the Group's sales in 2006- and the industrial water treatment market are relatively low. This means that the Fluidra Group is exposed to competition from potential new players, including low cost manufacturers in emerging markets. As a result, the Group could be obliged to make additional promotional or advertising investments and/or to adopt measures aimed at containing costs, so as to preserve or improve its market share without reducing margins. Even so, the Group cannot guarantee the success of these investments.

Highly regulated sector

The authorities in the various jurisdictions in which the Group operates have laid down various rules that establish regulatory and environmental standards applicable to the Fluidra Group's activities.

It is not possible to guarantee that the regulations laid down by the said authorities, their interpretation or application by the various jurisdictional bodies or their possible modification would not lead the Fluidra Group to requiring additional capital or facing unexpected costs.

Furthermore, by virtue of the said regulations and possible future changes thereto, the Group could incur civil liability or liability of another kind, both in the POOL and in the WATER divisions. As such, it could be obliged to pay fines or carry out improvement works, or close facilities temporarily or halt certain activities in the event of a breach of said regulations.

4.3. Risk factors associated with the shareholder structure

Risks arising from the existence of a controlling group

On the completion of the Offer, Aniol, S.L., Boyser, S.L., Dispur, S.L. and Edrem, S.L., holding entities controlled by the members of four families, respectively, and Bansabadell Inversió Desenvolupament, S.A.U. will jointly control 57,60% of the

Company's shares and voting rights (54,50% if the green shoe purchase option is exercised to the full). In addition, these shareholders have entered into a shareholders' agreement which provides, among other things, for the introduction of limits on the transfer of shares and vote syndication agreements in regard to certain matters (see section 22 of Chapter IV. Information about the Issuer).

These investors will act jointly and have the capacity for exercising significant influence on the Company and on all the matters requiring the shareholders' majority approval. Furthermore, they could also direct the day-to-day business and bring about or avoid a change in control of the Company. The interests of Aniol, S.L., Boyser, S.L., Dispur, S.L., Edrem, S.L. and Bansabadell Inversió Desenvolupament, S.A.U. could differ from the interests of the other shareholders (see section 14.2 of Chapter IV. Information about the Issuer concerning conflicts of interest).

Risk of conflict of interest with the majority shareholders

Aniol, S.L., Boyser, S.L., Dispur, S.L. and Edrem, S.L. hold a majority interest in Iberspa, S.L. –whose main activity is the manufacture and commercialisation of spas and related components, parts and accessories– and Interpool, S.A.S. (itself the sole shareholder of Interpool Ibérica, S.L.) –whose main activity consists of the manufacture and commercialisation of liners for swimming pools and bar covers for swimming pools. Because of the nature of their activities, these companies, with which the Group maintains a commercial relationship, are potential competitors of the Group. Therefore, it cannot be guaranteed that these companies' activities and business opportunities will not conflict with those of the Company.

Besides, Aniol, S.L., Boyser, S.L., Dispur, S.L. and Edrem, S.L. hold a majority interest in Inmobiliaria Tralsa, S.A. and Constralsa, S.L., real estate companies specialising mainly in property rental, which have leased a number of properties to Group companies (see section 19 of Chapter IV. Information about the Issuer).

Although the Company believes that the business activity of Inmobiliaria Tralsa, S.A. and Constralsa, S.L. is different from its own activity and that, therefore, it will not affect its business opportunities, it cannot be guaranteed that the companies' activities and business opportunities will not conflict with those of the Company in the future (see section 19 of Chapter IV. Information about the Issuer).

Risk of conflict of interest in transactions with related parties

The Group has carried out commercial transactions with its principal shareholders, subsidiaries and other related parties, and could continue to do so in the future. The Company considers that all of its transactions with related parties have been negotiated on market terms. However, no assurance can be given that it would not have been possible to secure better conditions from a third party (see section 19 of Chapter IV. Information about the Issuer).

II. RISK FACTORS

II. RISK FACTORS

Before taking the decision to invest in the shares presented in the Offer, the following risks, among others, must be taken into account since they could affect the business, results or financial situation of Fluidra, S.A. (hereinafter called the "**Issuer**", "**Fluidra**" or the "**Company**") and the group of companies to which it belongs, These risks are not the only ones to which the holders of the Company's shares could be exposed in the future, There could be future risks, currently unknown or not considered important, that may affect the shares or the Company's business, The business, financial situation and operating results of the Company and the companies in its group could be negatively affected should any of the said risks occur and the price of the Company's shares could fall, which could lead to a total or partial loss of the investment,

1. RISK FACTORS CONCERNING THE SECURITIES OFFERED AND/OR ADMITTED TO TRADING

1.1. Offer Price

The Company and the Global Coordinators have agreed on an INDICATIVE AND NON-BINDING price range for the Company shares included in the Offer of between 6.22 and 7.55 euros per share, where no independent expert has assumed whatsoever responsibility for the valuation of the shares in Fluidra resulting from the said Price Range. According to the aforementioned INDICATIVE AND NON-BINDING price range, market capitalisation or market value ranges from approximately 700,552,000 to 850,349,000 euros, with a PER of between 25.50 and 30.95, based on the financial statements as at 31 December 2006 and prepared in accordance with the International Financial Reporting Standards introduced by the EU (“**EU-IFRS**”).

The said Price Range has been established in accordance with company valuation procedures generally accepted by the market for this type of transaction (including cash flow discount and the application of multiples of comparable listed companies, such as company value/EBITDA) and taking into account the Company's own circumstances and characteristics and the current situation of the international financial markets.

The Company believes that there is no comparable listed company in Spain and that, therefore, it is not necessary to compare the PER resulting from the INDICATIVE AND NON-BINDING price range. For merely illustrative purposes, as at 31 December 2006 the average PER on the Madrid Stock Exchange (IGBM) was 15.04.

1.2. Volatility of the price

Once they have been listed, the price of the shares may be volatile. The initial price of the Offer may not be indicative of the prices that prevail subsequently on the market. External factors, such as the recommendations of stock market analysts, the evolution of the industry and the global conditions of the financial markets or stock exchanges could have a significant negative effect on the price of the Company's shares. In addition, in recent years, the stock exchanges in Spain and all over the world have undergone significant levels of volatility in terms of the volume of trading and share prices. This volatility could have a negative effect on the Company's share price, regardless of its financial situation and operating results.

1.3. The sale of shares after the Offer

The sale of a substantial number of Fluidra' shares on the market after this Offer or the idea that the said sales could take place may have a negative effect on the price of the shares.

Subject to the limitations set out in subsection 7.3 of Chapter III Note on the Shares, the Offering Shareholders have undertaken not to transfer, directly or indirectly, their shares during a period of 180 days after the Transaction Date.

1.4. Liquid market for the shares

Prior to this Offer, Fluidra's shares are not listed on any secondary stock exchange. Fluidra shall apply for all its shares to be listed, but it is unable to ensure the development and maintenance of the active trading of the shares once the Offer ends, taking into account that, in principle, the free float shall be 45.06% (including the green shoe) and also taking into account the existence of lock-up commitments which are described in subsection 7.3 of Chapter III. Note on the Shares.

If an active trading market is not developed for the shares, in other words, if a certain level of liquidity is not maintained, investors could encounter difficulties for selling their shares and their sale price could be affected.

1.5. Abandonment and revocation of the Offer

The Company expressly reserves the right to abandon the Offer, postpone it, defer it or suspend it temporarily or indefinitely for whatsoever reason at any time before the final price of the Shares is set.

Furthermore, should the Company's shares not be listed on the stock exchange before 24:00 on 30 November 2007, all the tranches of the Offer shall be understood as automatically revoked under the terms and conditions laid down in section 5.1.4.3 of the Note on the Shares (Chapter III).

The abandonment or revocation of the Offer for this reason would not give rise to whatsoever liability for the Company or the Offering Shareholders or generate rights to indemnification in favour of investors.

1.6. Reduction of the Offer

In the event that, in accordance with the provisions of section 5.1.1 of the Securities Note, the number of shares that are the purpose of the initial offer should be reduced, the investment would be less liquid.

1.7. Minimum investment limits. Associated costs

In order to purchase shares, the investor must have a securities account in any of the entities of the underwriter syndicate. As a general rule, the banks charge fees for the maintenance of the securities accounts, irrespective of the number of securities held by the clients. For this reason, in portfolios with very few shares the expenses might be higher tan the yield obtained by the shares.

2. RISK FACTORS SPECIFIC TO THE ISSUER OR TO ITS ACTIVITY SECTOR

2.1. Business risks

2.1.1. Difficulties in the expansion strategy

The sales of the Group in 2006 are distributed between two divisions as follows: the POOL division implied 80% of total turnover, whereas the WATER division implied 20%. These percentages are calculated based on the total sales figure prior to eliminating internal sales between each of the two divisions. If the sales between divisions were eliminated, the result is as follows: the POOL division implied 86% of total turnover, whereas the WATER division implied 14%.

The growth and profitability of the Fluidra Group will depend largely on the success of the expansion strategy that the Group has defined for its POOL and WATER divisions.

(a) Consolidation and expansion of the WATER division

The success of the expansion strategy of the WATER division, in the implementation stage since its acquisition in February and March 2006, is conditioned to the capacity of the Group to repeat successfully the business model of the POOL division. The key elements to said model are the integration between manufacturing and distribution, international expansion taking advantage of synergies between both divisions and market consolidation through a sequence of acquisitions of small-size companies aimed at reinforcing the business model in the different markets in which Group operates.

Bearing in mind the recent acquisition of the WATER division, there is no assurance that the application of a similar business model to that followed in the POOL division can be carried out successfully, in which case the growth strategy of the Group would be prejudiced.

In addition, for the integration of the WATER division into the Group, the latter might be obliged to make certain investments greater than those foreseen (which, for the year 2007, amount to 8,320 thousand euros, in which case the results of the Group could be affected negatively.

(b) Growth of the POOL division

Some of the markets in which the POOL division of the Fluidra Group operates are characterised by their maturity; in particular the US markets (approximately 1.3% of sales in 2006), Australia (approximately 2,7% of sales in 2006) and, to a lesser extent, France (approximately 16.4% of sales in 2006).

As a result of the foregoing, the continuity of the growth of the POOL division, which at present holds a consolidated position in its main geographic markets, will depend on the innovation in its manufacturing processes, the incorporating of new added value products into its catalogue, its capacity to enter new developing geographic markets and the success of the acquisitions of small-size companies. Should these objectives not be reached, the growth of the POOL division and, therefore, the results of the Group, could be affected negatively.

It is worth mentioning that Spain (approximately 36.3% of sales in 2006) is considered a relatively mature market, since its growth rates have been stable in recent years.

(c) Growth through acquisitions

A relevant part of the growth and expansion strategy of the Group (both in the POOL and the WATER divisions) depends on the acquisition and integration of companies, which will require the Group to identify objective companies with a suitable profile for creating value, face contingencies and incertitude regarding the potential profitability of acquisitions, negotiate attractive prices, integrate those businesses which have been acquired, taking advantage of their financial and operational synergies and suitably manage the adaptation of the acquisitions to the business culture of the Fluidra Group.

Furthermore, for both divisions the capacity of integration of new companies in the Group will depend largely on their capacity to adapt their financial and operational structure and systems to new demands arising from the increase in their turnover that the envisaged expansion might imply.

Should the Group fail to achieve these objectives in their future acquisitions, the financial results of the Group could be adversely affected.

In addition, to finance any future acquisitions, the Group may resort to external financing, which would increase the Group debt.

2.1.2. Dependence of production centres and logistics centre and difficulties in transferring manufacturing to other centres

The Fluidra Group manufactures part of its products in specialised production centres and manages a significant part of its distribution through its own logistics operator, Trace Logistics, S.A., through which the Group distributes approximately 80% of its production. Were any of the said production centres or logistics operator to be totally or partially destroyed, their operations be interrupted or were they non-productive as a result of an employment conflict or any other unexpected adverse situation, the business, financial situation and results of the business of the Fluidra Group would be affected negatively.

Furthermore, as a result of the equipment, technical knowledge and processes necessary for the manufacture and distribution of the products of the Group, the latter has limited capacity to transfer production and distribution quickly to other production centres and to create in a short space of time new production and distribution centres to compensate any interruptions or the loss of production capacity or to meet an unexpected increase in demand.

2.1.3. Key personnel, the loss of whom might damage the business

The success of the Fluidra Group depends largely on the efforts, knowledge, skill, relationships and experience of the members of the executive team and other key employees within the Fluidra Group. The possibility can not be ruled out of some or all of the foregoing leaving the Group.

2.1.4. Goodwill arising from the acquisitions

In the balance sheet as on 30 June 2007, the Fluidra Group has goodwill amounting to 142.8 million euros, arising from the acquisitions made by the Group.

The non-obtaining of expected profits from a certain acquisition might result in a reduction in goodwill, which could negatively affect the financial result of the Group in a certain period.

2.1.5. Exchange rate risks

The appreciation of the euro in relation to other currencies may have a negative effect on the Fluidra Group's margins as a result of its transactions in other currencies, especially when the manufacturing costs are denominated in euros and the sales are completed in weaker currencies.

In 2006, approximately 78% of the sales were performed in euros, 8% in pounds sterling, 4% in US dollars and 3% in Australian dollars. With regard to purchases in 2006, approximately 81% were made in euros, 8% in US dollars, 5% in pounds sterling and 3% in Australian dollars. In both cases, the rest is distributed among several currencies with an individual weight lower than 2%.

Given that the net result for the financial year and the assets and liabilities of many operative subsidiaries are entered in the accounts in currencies other than the euro, and that, therefore, they must be converted to euros in order to prepare the Company's consolidated financial statements, the appreciation of the euro in relation to other currencies could negatively affect the Group's consolidated result and shareholders' funds.

2.1.6. Pro forma financial information

Given the recent incorporation into the Fluidra Group of the WATER division, the Company is including in this information prospectus the pro forma financial statements in order to show a homogeneous financial comparison and avoid leading the investor into mistaken conclusions as to the financial progress of the Group.

Nevertheless, the information contained in the pro forma financial statements of the Group might not be representative of the operating and financial situation of the Fluidra Group subsequent to the acquisition of the SNTE Agua Group, Cepex Holding and Neokem Grup. In particular, the pro forma financial statements corresponding to the financial year closed on 31 December 2006 do not reflect the investment which will have to be made in order to integrate these Groups into the business model of the Group, nor other costs -advertising and marketing, *inter alia*- which the Group must incur in order to carry out such integration. Pursuant to the foregoing, the results of the Group included in the pro forma financial statements are not indicative of the future performance and progress of the Group.

Furthermore, it should be borne in mind that, had the assumptions taken into account in the drawing up of the pro forma financial statements been different, the results would have been different and, therefore, the information provided can not be compared to data prepared under different hypotheses.

2.1.7. Protection and infringement of industrial and intellectual property rights

The protection of industrial and intellectual property rights is important for the business of the Group. It might be necessary for the Group to devote significant resources to monitor and protect itself against the infringement of its industrial and intellectual property rights by third parties.

2.2. Risks within the sector

2.2.1.1. Seasonal fluctuations and adverse weather conditions

The sales of products from the POOL division and, to a lesser extent, the sprinkling products of the WATER division of the Fluidra Group are conditioned by seasonal fluctuations in demand. In this sense, in the year 2006 approximately 60% of the total sales of the Group were made in the first half of the year. Along the same lines, the circulating capital of the Group generally enters a peak during the second term as a result of an increase in demand.

As regards the POOL division, the Group normally registers lower sales in the first and fourth quarters of each year, especially in the market of the so-called “Residential Swimming Pools” and the “Mass Market Swimming Pools”, due to demand for the same being so highly concentrated in the spring and summer seasons. It should also be noted that certain abnormal weather conditions could cut the swimming pool season short (and, therefore, the use, installation and upkeep of swimming pools) as well as the installing and maintaining of gardens and sprinkler devices, which could reflect on the sales of the Group.

In addition, the sale of certain products offered by the Group, in particular Mass Market Swimming Pools, might be negatively affected by restrictions on the use of water imposed by the competent authorities during times of drought and water shortage.

2.2.1.2. The Fluidra Group operates within highly competitive markets, where it might be necessary to cut prices or incur additional costs in order to protect its market share

The Fluidra Group faces competition from local, regional and global suppliers and distributors for swimming pools, water treatment, sprinkling and the transportation, control and distribution of fluids.

In particular, the POOL division competes directly and globally with various high-level producers and distributors of swimming pools and swimming pool components, including, among others, Pool Corp., Pentair Inc. Water, Hayward Industries, Inc., and Waterpik in the US, and Zodiac Marine, a subsidiary of Zodiac, S.A., in the European Union (the "**EU**"), all of which might be interested in devoting significant financial resources to protecting their market shares and even increasing them at the expense of that of the Fluidra Group. Some of these companies might accelerate the consolidation process of the industry in the markets in which the Group operates, thus increasing the latter's level of competitiveness.

In the WATER division, the tendencies towards consolidation in its business fields of water treatment and sprinkling products for gardening and agriculture might negatively affect the results of the Group.

Should the Group not be capable of developing the same economies of scale as its competitors have reached as a result of the consolidation of the markets or business lines in which it currently operates or in which it might operate in the future, the financial results of the Group could be adversely affected.

Current or future pressure from competition in certain market sectors in which the Fluidra Group operates might determine reductions in the prices of its products in order to maintain or increase its market share, a circumstance which might negatively affect operating margins and profitability.

2.2.1.3. Investment arising from technological changes

The appearance of new products and technology for their manufacture might involve the outlay of greater investment than that envisaged in order to adapt and modernise the production centres of the Group and renew their catalogue of products.

In view of this situation, the Group might not have access to suitable financing for the acquisition of the machinery required for the manufacture of the new products or for the implementing of new technology, circumstance which might weaken its capacity for growth.

2.2.1.4. Volatile nature of price of raw materials and components

The fluctuations in the supply and demand of raw materials and components (such as, for example, stainless steel, plastics and chemical products) used by the Fluidra Group, might have significant adverse effects on their cost and availability and, consequently, on the operating results of the Group.

Additionally, the volatile nature and upward trend of energy prices, particularly of electricity, natural gas and diesel oil, which affect the manufacturing and distribution costs of the products of the Group, might negatively affect the operating results of the Fluidra Group.

Both effects have a similar potential impact on the POOL and WATER divisions.

2.2.1.5. Connection to "discretional" costs and sensitivity to changes in the economic cycle

Given that the products marketed by both divisions are connected to the so-called "discretional" cost of the consumer, the results and financial situation of the Fluidra Group might be affected by changes in the general economic cycle which affect the level of consumption and available income. Specifically, variables which are highly sensitive to changes in cycles such as the level of employment, salaries, business climate, interest rates and access to financing, *inter alia*, might reflect on the sales of the products offered by the Group.

Moreover, a change in consumer preferences might imply less demand for swimming pool and spa products in favour of other leisure products offered by other product and service suppliers.

2.2.1.6. Dependence on the general economic terms and conditions of the markets on which the Company operates

The global market on which the Fluidra Group operates could lead to its results being affected by a wide variety of factors, including the following: (i) trade protection measures; (ii) state restrictions to the repatriation of funds; (iii) tax retentions on payments made by subsidiaries and potential negative consequences resulting from changes to applicable tax legislation; (iv) strict labour regulations; (v) difficulties in finding staff and managers for global operations; (vi) difficulties in adapting to local business cultures; (vii) unexpected changes to legislation; and (viii) changes in the economic or political conditions of certain countries or regions, especially on emerging markets,

Development and implementation of effective strategies and policies or the effective implementation of operations cannot be assured in each region in which the Group is present or may operate in the future, The lack of success in managing the risks associated with the international expansion of its operations could lead to legal responsibilities in certain foreign jurisdictions and a loss of productive effectiveness, leading to higher costs and an increase in pressure on profit margins,

2.2.1.7. Risks associated with product warranty and product liability claims

The business carried out by the Fluidra Group is exposed to possible risks from situations that determine product liability, especially in countries where the costs associated to product liability claims can be particularly high,

Thus, the Group could face claims that would involve the repair or replacement of the products in question, which could give rise to obligations that would exceed the allotted funds, as well as the amounts laid down accordingly in the corresponding insurance policies.

2.2.1.8. The entry barriers to the Mass Market Swimming Pool and Industrial Water Treatment markets are relatively low

The entry barriers to the mass-market swimming pool components market –a business that accounted for nearly 5.6% of the Group's sales in 2006- and the industrial water treatment market are relatively low. This means that the Fluidra Group is exposed to competition from potential new players, including low cost manufacturers in emerging markets. As a result, the Group could be obliged to make additional promotional or advertising investments and/or to adopt measures aimed at containing costs, so as to preserve or improve its market share without reducing margins. Even so, the Group cannot guarantee the success of these investments.

2.2.1.9. Highly regulated sector

The authorities in the various jurisdictions in which the Group operates have laid down various rules that establish regulatory and environmental standards applicable to the Fluidra Group's activities.

It is not possible to guarantee that the regulations laid down by the said authorities, their interpretation or application by the various jurisdictional bodies or their possible modification would not lead the Fluidra Group to requiring additional capital or facing unexpected costs.

Furthermore, by virtue of the said regulations and possible future changes thereto, the Group could incur civil liability or liability of another kind, both in the POOL and in the WATER divisions. As such, it could be obliged to pay fines or carry out improvement works, or close facilities temporarily or halt certain activities in the event of a breach of said regulations.

3. RISK FACTORS ASSOCIATED WITH THE SHAREHOLDER STRUCTURE

3.1. Risks arising from the existence of a controlling group

On the completion of the Offer, Aniol, S.L., Boyser, S.L., Dispur, S.L. and Edrem, S.L., holding entities controlled by the members of four families, respectively, and Bansabadell Inversió Desenvolupament, S.A.U. will jointly control 57,60% of the Company's shares and voting rights (54,50% if the green shoe purchase option is exercised to the full). In addition, these shareholders have entered into a shareholders’ agreement which provides, among other things, for the introduction of limits on the transfer of shares and vote syndication agreements in regard to certain matters (see section 22 of Chapter IV. Information about the Issuer).

These investors will act jointly and have the capacity for exercising significant influence on the Company and on all the matters requiring the shareholders' majority approval. Furthermore, they could also direct the day-to-day business and bring about or avoid a change in control of the Company. The interests of Aniol, S.L., Boyser, S.L., Dispur, S.L., Edrem, S.L. and Bansabadell Inversió Desenvolupament, S.A.U. could differ from the interests of the other shareholders (see section 14.2 of Chapter IV. Information about the Issuer concerning conflicts of interest).

3.2. <u>Risk of conflict of interest with the majority shareholders</u>

Aniol, S.L., Boyser, S.L., Dispur, S.L. and Edrem, S.L. hold a majority interest in Iberspa, S.L. –whose main activity is the manufacture and commercialisation of spas and related components, parts and accessories– and Interpool, S.A.S. (itself the sole shareholder of Interpool Ibérica, S.L.) –whose main activity consists of the manufacture and commercialisation of liners for swimming pools and bar covers for swimming pools. Because of the nature of their activities, these companies, with which the Group maintains a commercial relationship, are potential competitors of the Group. Therefore, it cannot be guaranteed that these companies' activities and business opportunities will not conflict with those of the Company. To this regard, it should be pointed that in the first half of 2007, the sales to Fluidra Group accounted for approximately 87%, 4.6% and 31% of the total sales of Iberspa, S.L., Interpool, S.A.S. and Interpool Ibérica, S.L., respectively, whereas in 2006 they represented approximately 85%, 5.16% and 27.45% of the total sales of Iberspa, S.L., Interpool, S.A.S. and Interpool Ibérica, S.L., respectively (see section 19 of Chapter IV. Information about the Issuer).

The purchases of the Fluidra Group from bound suppliers during the first half of 2007 and 2006 amount to approximately 6,446 and 6,567 thousand euros, respectively, which accounts for approximately 3% and 4% of the total amount of the purchases from suppliers of the Group during these periods.

Besides, Aniol, S.L., Boyser, S.L., Dispur, S.L. and Edrem, S.L. hold a majority interest in Inmobiliaria Tralsa, S.A. and Constralsa, S.L., real estate companies specialising mainly in property rental, which have leased a number of properties to Group companies (see section 19 of Chapter IV. Information about the Issuer). The rents paid by the Group to these companies amount to approximately 570 and 995 thousand euros in the first half of 2007 and 2006, respectively, which accounts for approximately 8.18%% and 8.30% of the amounts paid by the Group for rents in these periods.

Although the Company believes that the business activity of Inmobiliaria Tralsa, S.A. and Constralsa, S.L. is different from its own activity and that, therefore, it will not affect its business opportunities, it cannot be guaranteed that the companies' activities and business opportunities will not conflict with those of the Company in the future (see section 19 of Chapter IV. Information about the Issuer).

3.3. Risk of conflict of interest in transactions with related parties

The Group has carried out commercial transactions with its principal shareholders, subsidiaries and other related parties, and could continue to do so in the future. The Company considers that all of its transactions with related parties have been negotiated on market terms. However, no assurance can be given that it would not have been possible to secure better conditions from a third party (see section 19 of Chapter IV. Information about the Issuer).

III. INFORMATION ABOUT THE SECURITIES TO BE ISSUED

III. INFORMATION ABOUT THE SECURITIES TO BE ISSUED, SECURITIES NOTE (ANNEXE III TO (EC) REGULATION No. 809/2004 OF THE COMMISSION, DATED 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1. Identification of the persons responsible for the Securities Note

Eloy Planes Corts, holder of national identification card number 46,623,770-X, as Managing Director, on behalf of FLUIDRA, S.A. (hereinafter called "**Fluidra**" or the "**Company**" and, together with the other companies which, in accordance with article 4 of the Stock Exchange Act 24/1988, dated 28 July (hereinafter called the "**Stock Exchange Act**"), form part of the Company's group (hereinafter called the "**Group**"), an entity which, in turn, acts on behalf of the offering shareholders (hereinafter called the "**Offering shareholders**") laid down in the following section 7 of this Securities Note (hereinafter called the "**Securities Note**") by virtue of the notarial powers bestowed by each of the Offering shareholders in favour of Fluidra, assumes, by virtue of the current authorisation awarded in his favour by the Company's Board of Directors in its session of 6 September 2007, in exercise of the delegation awarded by the General Shareholders Meeting held on the same date, the responsibility for the content of this Securities Note, whose format is in accordance with Annexe III of (EC) Regulation No. 809/2004 of the Commission, dated 29 April 2004.

1.2. Declaration of the persons responsible for the Securities Note

Eloy Planes Corts, within the scope of his powers of representation, hereby declares that the information contained in this Securities Note is, to the best of his knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect the content.

1.3. Declaration of the management and global coordination entities

Banco Bilbao Vizcaya Argentaria, S.A. (represented by Ángel Campos de Medio and Agustín Fernández Fernández, duly authorised) as the Management Entity of the Retail Tranche, the Employee Tranche and the Spanish Tranche for Qualified Investors;

BNP Paribas (represented by Ramiro Mato and Carlos Gardeazabal duly authorised), as the Management Entity of the International Tranche;

Banco de Sabadell, S.A. (represented by Enric Rovira Masachs, duly authorised), as the Global Coordination Entity and the Management Entity of the Spanish Tranche for Qualified Investors and the Employee Tranche;

Citigroup Global Markets Limited (represented by Manuel Falco, duly authorised) as the Global Coordination Entity and the Management Entity of the International Tranche; and

Santander Investment, S.A. (represented by Andrés Campos and Ignacio Bastarrica, duly authorised), as the Global Coordination Entity and the Management Entity of the

Spanish Qualified Investors Tranche, for the Retail Tranche and for the Employee Tranche;

hereby declare that they have completed the verifications which, reasonably in accordance with commonly accepted market criteria, have been necessary to check the information given in this Securities Note regarding the terms and conditions of the public offer for the sale of the Company's shares (the "**Offer**") and that the rights and obligations of the shares included in the Offer is not false and no relevant information required by applicable legislation has been omitted.

2. RISK FACTORS

See section "1.2. Risk Factors for the Securities Offered and/or Listed" in Chapter II (Risk Factors of this Prospectus).

3. BASIC INFORMATION

3.1. Declaration on working capital

In the Company's opinion, the working capital it has available at present, together with the capital it expects to generate in the coming twelve months, is sufficient to fulfil the Company's current obligations as they arise over the coming twelve months, Section 10.2.2 of Chapter IV (Information about the Issuer) of this Prospectus explains the status and evolution of the Company's working capital over the last three years.

3.2. Capitalisation and borrowing

The following is information about the capitalisation and debts of the Company as of 30 June 2007 according to the EU-IFRS, expressed in thousands of euros.

CAPITALISATION AND BORROWING

Total current debt (1)	**373,587**
-Guaranteed	1,620
-Secured	0
-Not guaranteed/unsecured	371,967
Total non-current debt (1)	**130,472**
-Guaranteed	8,175
-Secured	0
-Not guaranteed/unsecured	122,297
Net Assets	**313,567**

CAPITALISATION AND BORROWING

-Equity Capital	112,629
-Issue Price	92,831
-Accumulated Profits	100,394
-Recognised income and expenses	360
-Minority shareholders interests	7,353
Total	**817,626**

(1) Includes Financial liabilities with credit institutions + Derived financial instruments + Other liabilities + Trade creditors and other accounts payable + Tax liabilities on current earnings

Cash and other equivalent liquid assets	34,507
Liquidity (1)	**34,507**
Other current financial assets (2)	**8,126**
Financial liabilities with credit institutions and Derived financial instruments	172,338
Current financial debt (3)	**172,338**
(4)=(3)-(2)-(1)	**129,705**
Non-current financial liabilities with credit institutions and Derived financial instruments	**125,019**
Non–current financial debt (5)	**125,019**
Non–current financial assets (6)	**5,077**
Net non-current financial debt (7)=(5)-(6)	**119,942**
Net financial debt (4)+(7)	**249,647**

Since 30 June 2007 and up to the date of registration of this Prospectus, no significant variation has taken place with regard to the information on capitalisation and borrowing of Fluidra Group specified in this section.

3.3. <u>Interest of individuals and bodies corporate taking part in the issue/offer</u>

Except for the provisions laid down hereunder, and in section 4.8. the Company is unaware of whatsoever significant economic interest or association between Fluidra, the Offering shareholders and the entities that have taken part in the Offer, as mentioned in sections 5.4.1 and 0.1 of this Securities Note, except for the strictly professional relations resulting from the corresponding legal and financial consultancy services.

Bansabadell Inversió Desenvolupament, S.A.U., a company that is fully owned by the Global Coordination Entity Banco de Sabadell, S.A., is a shareholder in the Company, with a holding before the Offer equal to 20.04% of Fluidra's share capital, and is part of the shareholders' agreement entered into by certain of the Company's shareholders, as described in section 22 of chapter IV: Information about the Issuer.

Furthermore, Mr Alberto Collado Armengol is the Company's Non-board Member Secretary. He was appointed to this post on 17 September 2007. Mr Alberto Collado Armengol is a partner at Garrigues, which is the law practice responsible for giving legal advice on matters of Spanish law to the insurance syndicate, as is highlighted in section 10.1 of this Securities Note.

3.4. Reasons for the Offer and destination of the revenue

This Offer is being made for the basic purpose of: (i) increasing the Company's share base to obtain the diffusion required for the Company's shares to be officially listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and their inclusion in the Stock Exchange Linkup System (Continuous Market); (ii) providing the Company's access to the capital markets (including debt instruments), which could eventually make it easier to obtain finance for the Company's future growth; (iii) strengthening the prestige, transparency and image of the Company's brands as a result of it being a listed company; and (iv) offering greater liquidity to Fluidra's shareholders through the negotiation of the Company's shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

With regard to the shares corresponding to the Employee Tranche, on the Date of the Transaction (scheduled for 30 October 2007), the Company shall purchase the corresponding shares from the Offering shareholder Shareholders at the Retail Price of the Offer through a special stock exchange transaction for immediate resale (through another special stock exchange transaction on the same date), with the discount laid down for the said Tranche in this Securities Note, to the Employees who are awarded the said shares. Accordingly, the Company shall not receive whatsoever revenue for the Offer and shall pay the cost of the Employee Tranche discount.

4. INFORMATION REGARDING THE SECURITIES THAT ARE GOING TO BE OFFERED/LISTED

4.1. Description of the type and class of shares offered and/or listed, with the ISIN Code (international securities identification number) or other securities identification code

The securities offered are ordinary shares in Fluidra with a face value of one euro (€1) each, fully subscribed and paid out, of one single class and series, and they give their holders full political and economic rights.

The National Chattel Securities Encoding Agency, an entity that depends on the Spanish Securities Commission (hereinafter called the "**CNMV**"), has allotted the ISIN code ES0137650018 to identify the Company's shares.

4.2. Legislation governing the creation of the securities

The legal system applicable to the shares being offered is the system laid down in Spanish legislation and, in particular, the provisions laid down in Royal Legislative Decree 1564/1989, dated 22 December, which adopts the rewritten text of the Limited Companies Act (hereinafter called the **"Limited Companies Act"**) and in the Stock Exchange Act, as well as their respective development regulations as applicable.

4.3. Indication of whether the securities are registered or to the bearer and whether the securities are in the form of a title or book entries. In the case of the latter, the name and address of the entity responsible for registering the entries

The Company's shares are represented by book entries and registered in the corresponding accounts ledgers maintained by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U, (hereinafter called "**Iberclear**"), domiciled in Madrid, Plaza de la Lealtad, 1 and its authorised participating entities (hereinafter called the "**Participating Entities**").

4.4. Issue currency of the securities

The Company's shares are in euros (€).

4.5. Description of the rights associated with the securities, including any restriction of said rights and the procedure for the execution thereof

As the shares being offered are ordinary shares and the Company has no other type of shares. the shares covered by the Offer shall have the same political and economic rights as Fluidra's other shares, In particular. the following rights are worthy of special mention. under the terms and conditions laid down in the Articles of Association. whose rewritten text was adopted by the General Shareholders Meeting on 5 September 2007:

- **Dividend rights:**
  - Date(s) set for the said rights,

The shares being offered have the right to take part in the distribution of corporate profits and in the assets resulting from liquidation under the same terms and conditions as the other shares in circulation, Furthermore. in the same way as the other shares that make up the share capital. they do not have the right to receive a minimum dividend as they are all ordinary, The shares offered shall give the right to take part in the dividends agreed as from the date of the transaction scheduled initially for 30 October 2007 (hereinafter called the "**Transaction Date**"),

- Period following which the right to dividends expires and an indication of the beneficiary of said expiry,

The returns produced by the shares may be cashed as announced for each case. where the term of prescription for the right to their collection is as per article 947 of the Commercial Code. i.e, five years, The beneficiary of the said prescription shall be the Company.

- Restrictions and dividend procedures for non-resident bearers.

The Company has no record of whatsoever restriction to the collection of dividends by non-resident bearers, without prejudice to possible retentions on account of Non-resident Personal Income Tax that may be applicable (see section 4.11 below).

- Rate of the dividends or the method of calculation, periodicity and the accumulative or non-accumulative nature of payments.

As with the other shares that make up the Company's share capital, the shares have no right to a minimum dividend, since they are all ordinary shares. Therefore the right to the dividend from said shares shall only arise from the moment when the General Shareholders Meeting or, where applicable, the Board of Directors of Fluidra agrees a share-out of company profits.

- **Voting rights**

The shares award the bearers the right to attend and vote at the General Shareholders Meeting and to challenge the corporate agreements under the same terms and conditions as the Company's other shareholders, in accordance with the general system laid down in the Limited Companies Act and Fluidra's Articles of Association.

In particular, with regard to the right to attend the General Shareholders Meetings, article 28 of Fluidra's Articles of Association and article 10 of the Company's General Shareholders Meeting Regulations lay down that the General Shareholders Meeting may be attended by the shareholders who hold shares, regardless of the number, and are registered as such in the corresponding register in any of the entities participating in Iberclear five days before the date indicated for the General Shareholders Meeting, The attendees shall have the corresponding attendance card provided by the aforementioned participating entities or the document that accredits them as shareholders in accordance with legislation.

Each share includes the right to one vote, with no limitations to the maximum number of votes that may be issued by each shareholder or by companies belonging to the same group in the case of bodies corporate.

All shareholders with the right to attend may be represented at the General Shareholders Meeting by another person, even though the said person is not a shareholder.

- **Preferential subscription rights in the subscription offers for securities of the same class**

In accordance with the terms and conditions laid down in the Limited Companies Act, all the shares in Fluidra award the bearer the right to preferential subscription in the increases of capital with the issue of new shares (ordinary, privileged or other kinds of shares) and in the issue of bonds convertible into shares, except for the exclusion of the right to preferential subscription in accordance with article 159 of the Limited Companies Act.

Similarly, all shares in Fluidra award bearers the right to free allotment as recognized by the Limited Companies Act in the cases of increases in capital charged to reserves.

- **Right to participate in any surplus in the event of final adjustment**

The shares included in the Offer laid down in this Securities Note shall award bearers the right to participate in the share-out and, where applicable, in the assets resulting from the liquidation of the Company under the same terms and conditions as the other shares in circulation.

- **Right to information**

The shares corresponding to the share capital of Fluidra shall award bearers the right to information as per article 48.2 d) and 112 of the Limited Companies Act, as well as the rights which, as special examples of the right to information, are laid down in the articles of the Limited Companies Act.

4.6. In the event of new issues, statement of provisions, authorisations and approvals by virtue of which the securities have been or shall be created and/or issued

Not applicable.

4.7. Date set for the issue of the securities in the event of new issues

Not applicable.

4.8. Description of any restriction on the free transferability of the securities

As required by current legislation governing the listing of shares on regulated markets, the shares included in the Offer are not subject to whatsoever restriction to their transferability.

Notwithstanding the foregoing, the shareholders Dispur, S.L., Aniol, S.L., Boyser, S.L., Edrem, S.L. and Bansabadell Inversió Desenvolupament, S.A.U., which, on the date of this Prospectus, own a joint holding of 90,3669% in the Company and, after the Offer, will own 54.50% of the share capital (including the shares included in the green shoe purchase option), signed on 5 September 2007 a contract between shareholders, which, as described in section 22 of Chapter IV of this Prospectus (Information on the Isuer), includes certain restrictions to the free transfer of the Company's shares they own while the contract is in force.

4.9. Indication of the existence of any obligatory purchase offer and/or rules of withdrawal and obligatory repurchase with regard to the securities

There is no particular regulation governing obligatory share purchase offers, except for those resulting from the regulations governing public takeover bids laid down in the Stock Exchange Act, amended by Act 6/2007, dated 12 April, governing the reform of the Stock Exchange Act 24/1988, dated 28 July, which amends the public takeover bid system and the transparency of issuers (hereinafter called "**Act 6/2007**") and, in its development, in Royal Decree 1066/2007, dated 27 July, governing the public takeover bid system (hereinafter called "**Royal Decree 106/2007**"), which shall affect the Company's shares from the moment the said shares are listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

4.10. Indication of the third party public offers of purchase of the issuer’s capital that occurred during the previous and current financial year, The price or the conditions of the swap of these offers and their result must be declared

There has been no public takeover bid for Fluidra's shares.

4.11. With regard to the country of origin of the issuer and to the country or countries in which the offer is being made or where admission to trading is being sought:

- **Information on tax on the income of the securities retained at source**

In accordance with Spanish legislation in force on the date of registration of the Prospectus, the following is a general description of the tax system applicable to the purchase, ownership and, where applicable, subsequent transfer of the securities in offered.

Consideration must be given to the fact that this analysis does not contain all the possible tax consequences of the aforementioned transactions or the system applicable to all shareholder categories, some of which (e.g. banks, collective investment institutions, cooperatives, income attribution entities, etc,) may be subject to special regulations. Furthermore, the description does not consider the regional tax systems in force in the Historical Territories of the Basque Country and the Region of Navarra or the regulations adopted by the various regions which, with regard to certain taxes, could apply to the shareholders.

Therefore, it is recommended that shareholders consult their lawyers or tax advisers, who may provide them with personal advice in view of their particular circumstances. Similarly, the shareholders should take into account future changes made to current legislation or to their criteria for interpretation.

(A) Indirect taxation in the purchase and transfer of the securities

The purchase and, where applicable, ultimate transfer of the securities being offered shall be exempt from the Tax on Equity Transfers and Documented Legal Acts as well as VAT, under the terms set forth in article 108 of the Stock Exchange Act and concordant terms of the regulating laws of the aforementioned taxes.

(B) Direct taxation as a result of the ownership and subsequent transfer of the securities

- **Shareholders residing in Spain**

This section analyses the taxation applicable to the shareholders who are the effective beneficiaries of the Fluidra securities being offered and are either resident in Spain or non-resident taxpayers of Non-resident Personal Income Tax (hereinafter called the

"**IRnR**") operating through permanent establishment in Spain, as well as the individual shareholders resident in the Member States of the EU (as long as they are not resident in territories classified as tax havens) who are also IRnR taxpayers and prefer to pay tax as payers of the Personal Income Tax (hereinafter called the "**IRPF**") in accordance with the provisions laid down in article 46 of the rewritten text of the IRnR Act.

For the said intents and purposes, without prejudice to the provisions laid down in the Treaties to avoid Dual Taxation (hereinafter called the "**Treaties**" or the "**CDIs**") signed by our country, the entities resident in Spain shall be considered as shareholders resident in Spain in accordance with article 8 of the rewritten text of the Corporate Tax Act (hereinafter called the "**TRLIS**") adopted by Royal Legislative Decree 4/2004, dated 5 March, and the individuals who hold usual residence in Spain, as laid down in article 9.1 of Act 35/2006, dated 28 November, governing Personal Income Tax and partially amending corporate tax legislation, Non-resident Personal Income Tax and Tax on Wealth (hereinafter called the "**IRPF Act**"), as well as those who are residence abroad and members of Spanish diplomatic missions, Spanish consular offices and other official posts, under the terms and conditions laid down in article 10.1 of the aforementioned regulation. Similarly, the consideration of shareholders resident in Spain for tax purposes shall apply to individuals of Spanish nationality who, abandoning their tax residence in Spain, accredit their new tax residence in a tax haven, both during the taxation period in which the change of residence occurs and during the four following taxation periods.

Individuals who acquire their tax residence in Spain as a result of their transfer to Spanish territory may choose to pay tax by means of the IRPF or the IRnR during the period in which their residence is changed and the five following periods as long as they meet the requirements laid down in article 93 of the IRPF Act.

- ***Personal Income Tax***

(a) Taxation on the discount offered to Fluidra's employees

In accordance with the provisions laid down in article 42.2.a) of the IRPF Act, the discount given to Fluidra's employees on the shares they purchase within the framework of the Employee Tranche shall not be subject to personal income tax as payment in kind within certain limits and on compliance with certain conditions.

In accordance with article 43 of Royal Decree 439/2007, of 30 March, which adopts the IRPF regulations, the said non-taxation is conditioned to the following: (i) the Offer is made within the company's general salary policy and contributes to the workers' participation in the company; (ii) each employee and his/her spouse or family members up to the second degree do not have a joint, direct or indirect shareholding in the Company or in whatsoever other company in the group of over 5%; and (iii) the ownership of the shares is maintained for at least three years.

In addition, the IRPF Act limits the application of the exemption to the part of the discount that is not in excess of €12,000 per annum, taking into account the total number of shares given to each employee.

In the case of the inter-vivos transfer of the shares by the employee before the completion of the term of three years indicated as requirement (iii) above and provided that, as a result of the completion of the term laid down in section 5.1.3. "Procedure for the placement of the Employee Tranche" below in this Securities Note or, where applicable, the corresponding exemption by the Company, the amount corresponding to the discount on the purchase of the shares is not repaid, the employee shall present a complementary declaration-settlement covering the discount obtained as payment in kind during the tax period in which the shares were purchased, with the corresponding interest for late payment. The said complementary declaration-settlement shall be presented in the term between the date of transfer and the conclusion of the term for the annual IRPF return corresponding to the tax period in which the said transfer takes place.

b) Income from capital

The consideration of income from capital shall be given to the following: (i) dividends, premiums for attending general shareholders meetings and, in general, holdings in the Company's profits; (ii) revenue from the constitution or allocation of rights or faculties for use and enjoyment of the securities included in the Offer; (iii) whatsoever other utility received from the said entity as a shareholder; and (iv) the distribution of the issue premium, in which case the amount obtained shall reduce, until its cancellation, the purchase value of the shares, and any resulting surplus shall be taxed as income from capital.

For the intents and purposes of their integration in the taxable amount of the IRPF, consideration shall be given to the following:

- The IRPF Act lays down a limited exemption of €1500 per annum for dividends (case (i) above). Accordingly, up to the said limit, the dividends, premiums for attending general shareholders meetings and, in general, participation in the Company's profits shall not be integrated in the taxable amount of the IRPF. This exemption is not applicable to the dividends from shares purchased within the period of two months prior to the date on which they are paid when, after the said date, in the same term, a transfer of equal shares takes place (in the case of securities listed on a secondary securities market).

The other income obtained is included in the so-called taxable savings amount, which is taxable at a fixed rate of 18%.

For the calculation of the net return, the expenses incurred through the administration and deposit of the shares may be deducted but not the expenses incurred through discretional and individualised management of the portfolio.

The shareholders shall be subject to an interim retention of the IRPF of 18% of the full amount of the distributed profit, where the aforementioned exemption of €1500 shall not be taken into account for the said intents and purposes. The interim retention shall be deductible from the amount of the aforementioned tax and, if applicable, shall be subject to the rebates set forth in article 103 of the IRPF Act.

(c) Patrimonial profits and losses

The variations in the value of the assets of taxpayers paying the IRPF occurring as a result of changes in the said assets shall give rise to patrimonial profits or losses which, in the case of the transfer of the securities being offered on a payment basis, shall be quantified by the negative or positive difference, respectively, between the purchase value of the said securities and their transfer value, which shall be determined (i) by their market value on the date on which the said transfer takes place or (ii) by the agreed price when it is higher than the said market value.

With regard to the above, the purchase price of the shares for tax purposes and the price of future transfers for the employees receiving shares as part of the Employee Tranche shall be the Retail Price of the Offer before whatsoever discount.

Both the purchase value and the transfer value shall be increased or reduced, respectively, by the expenses and taxes inherent to the said transactions. The patrimonial profits or losses arising as a result of the transfers of shares carried out by the shareholders shall be included in their respective taxable savings amounts for the year in which the patrimonial change takes place, in accordance with the following:

- Firstly, it shall be compensated in each tax period with the positive/negative income from other patrimonial profits or losses arising as a result of the transfer of patrimonial elements and, where applicable, with the negative balance of the said income from the previous 4 years.

- Should the result of this integration be negative, its amount may be compensated only by the positive balance calculated in the same way and arising in the following four years.

The IRPF Act taxes the taxable savings amount resulting from the aforementioned transactions at the fixed rate of 18%, regardless of the period during which the patrimonial profit or loss has been generated.

For their part, certain losses resulting from transfers of subscribed securities shall not be counted as patrimonial losses when equal securities have been purchased within the two months prior or subsequent to the date of the transfer that generated the loss.

Wealth Tax

The shareholders who are individuals residing in Spain in accordance with the provisions laid down in article 9 of the IRPF Act are subject to Wealth Tax (hereinafter called the "**IP**") for the total net patrimony they own at 31 December each year, regardless of the location of the patrimony or whether or not the rights can be exercised. Without prejudice to the specific regulations adopted, where applicable, by each Region, Act 19/1991, dated 6 June, lays down a minimum exemption for the said intents and purposes totalling €108,182.18 for the year 2007 and a tax scale whose marginal rates vary between 0.2% and 2.5%.

There shall be an obligation to present a declaration for this tax as long as the taxable amount corresponding to the taxpayer is higher than the aforementioned minimum exemption or, otherwise, when the value of his assets or rights for the year 2007 is greater than €601,012.10, Accordingly, the individuals who are resident for tax purposes in Spain and who acquire the securities being offered and who are obliged to present the IP return, must declare the shares they hold at 31 December of each year. These shares shall be calculated in accordance with the average trading price of the fourth quarter of the said year. The Ministry of the Economy and Finance publishes this average quoted price every year.

- **Inheritance and Gift Tax.**

The share transfers through lucrative title (through death or donation) in favour of individuals resident in Spain are liable to Inheritance and Gift Tax (hereinafter called the "**ISD**") under the terms set forth in Act 29/1987, dated 18 December, where, without prejudice to the specific regulations adopted, where applicable, by each Region, the person acquiring the securities is the taxpayer. The tax rate applicable to the taxable amount varies between 7.65% and 34%; once the full quota has been obtained, certain multiplier coefficients are applied depending on the pre-existing patrimony and the family relation of the purchasing party, which could lead to a final tax rate of between 0% and 81.6% of the taxable amount.

- **Corporate tax:**

(a) Dividends

The payers of Corporate Tax (hereinafter called the "IS") or those who, as taxpayers of the IRnR, operate in Spain accordingly through permanent establishment, shall include the full amount of the dividends or shares in profits resulting from the ownership of the subscribed securities in their taxable amount, as well as the expenses inherent to the participation, as laid down in article 10 and following of the TRLIS, generally paying tax at the rate of 32.5% during the tax periods commencing as from 1 January 2007 and at the rate of 30% in those commencing as from 1 January 2008.

As long as none of the cases of exclusion laid down in article 30 of the TRLIS arise, the payers of the said tax shall have the right to a deduction of 50% of the full amount corresponding to the taxable amount resulting from the dividends or shares in profits obtained, *The taxable amount resulting from the dividends or shares in profits is the full amount thereof.*

The aforementioned deduction shall be 100% when, among other requirements, the dividends or profit share come from a shareholding, whether directly or indirectly, of at least 5% of the capital, and providing that this has been held in an uninterrupted manner during the first year prior to the day on which the profit share was payable or, otherwise, has been held for the period necessary for the purpose of completing one year.

In general, the IS taxpayers shall be subject to a retention, on account of the aforementioned tax, of 18% of the full amount of the distributed profits, unless they are subject to the deduction for dual taxation of 100% of the dividends received and the said circumstance has been notified to the Company, in which case no retention whatsoever shall apply, The retention shall be deductible from the amount of the IS and, should the said amount be insufficient, it shall give rise to the rebates laid down in article 139 of the TRLIS.

(b) Income resulting from the transfer of the securities

The profit or loss resulting from the lucrative transfer or transfer by payment of the subscribed shares or of whatsoever other patrimonial variation related thereto shall be included in the taxable amount of the IS taxpayers or IRnR taxpayers operating through permanent establishment in Spain as laid down in article 10 and following of the TRLIS, where the general rate shall be 32.5% during the tax periods commencing as from 1 January 2007 and 30% during the periods commencing as from 1 January 2008.

In addition, under the terms and conditions laid down in article 30.5 of the TRLIS, the transfer of securities by payers of this tax may award the transferor the right to deduction due to dual taxation and, where applicable, award the deduction due to the reinvestment of extraordinary profits, in accordance with the provisions laid down in article 42 of the TRLIS on the part of the income that would not have benefited from the deduction, as long as the requirements laid down in the aforementioned article are met.

Finally, in the event of free acquisition of the shares by a taxpayer who is liable for the IS, the income generated shall be payable in accordance with the rules of the said tax, where the ISD is not applicable.

- **Shareholders not resident in Spain**

This section analyses the taxation applicable to shareholders who are not resident in Spain and considered as the effective beneficiaries of the securities, excluding those who operate in Spain through permanent establishment. In general, this section shall also apply to the individual shareholders who acquire the condition of tax residents in Spain as a result of their transfer to the said territory and who, having met the requirements laid down in article 93 of the IRPF Act, choose to pay the IRnR tax during the tax period in which the place of residence is changed and the following five periods.

The consideration of non-resident shareholders is given to the individuals that do not pay the IRPF and entities not resident in Spain, in accordance with the provisions laid down in article 6 of Royal Legislative Decree 5/2004, dated 5 March, which adopted the rewritten text of the IRnR Act (hereinafter called the "**TRLIRNR**").

The rules laid down hereunder are of a general nature and the peculiarities of each taxpayer must be taken into account as well as those that may result from the Treaties signed between Spain and other countries.

-   **Non-Resident Personal Income Tax**

(a) Income from capital

The dividends and other earnings resulting from the participation in an entity's equity, obtained by individuals or entities not resident in Spain that operate for the said intents and purposes without permanent establishment in the said territory shall be subject to taxation via the IRnR at the general tax rate of 18% on the full amount received. Notwithstanding the foregoing, the dividends and profit shares obtained as laid down in section (a) above shall be exempt (Personal Income Tax - Capital Tax), without permanent establishment in Spain, by individuals resident for tax purposes in the EU or in countries or territories with which there is an effective exchange of tax information, with the limit of €1500, applicable during each calendar year. The said exemption shall not apply to the revenue obtained through countries or territories officially classified as tax havens.

Furthermore and in general, on the payment of the dividend, the Company shall apply an interim retention on account of the IRnR of 18%. Consideration must be given to the fact that the **TRLIRnR** expressly lays down that the retention must be made on the full amount, without taking into account the aforementioned exemption of €1500, whose amount shall be recovered, where applicable, by applying the procedure laid down in the Regulations of the IRnR.

Notwithstanding the foregoing, when by virtue of the tax residence of the payee a Treaty signed by Spain or an internal exemption is applicable, the reduced tax rate laid down in the Treaty for this type of income or the exemption shall be applied after proof of the shareholder's tax residence as laid down in current legislation. Accordingly, a special procedure is currently in force, approved through an Order from the Ministry of Economy and Finance on 13 April 2000, which permits the retentions to be made for non-resident shareholders at the corresponding rate in each case or to exclude the retention, when financial entities that are resident in Spain intervene in the payment procedure and which are depositaries or manage the collection of income from the said securities.

In accordance with this legislation, when the dividend is shared out, the Company shall apply a retention to the full amount of the dividend at the rate of 18% and transfer the net amount to the deposit entities. The deposit entities which, in turn, accredit the right to apply reduced rates or to the exclusion of retentions regarding their clients as laid down (where, before the 10^{th} day of the month following that in which the dividend is shared out, the clients shall have to provide the deposit entity with a certificate of tax residence issued by the corresponding tax authority in their country of residence which, where applicable, shall expressly indicate that the investor is a resident in accordance with the applicable Treaty; or, in the case of the application of a tax limit laid down in a Treaty developed by an Order laying down the use of a specific form, the aforementioned form shall be provided instead of the certificate) shall immediately receive the excess amount retained for payment thereto. For these intents and purposes, the aforementioned certificate of residence is valid for one year from its date of issue.

When an exemption is applicable or, through the application of a Treaty, the retention rate is less than 18%, and the shareholder has been unable to accredit his tax residence within the corresponding terms, the said shareholder may apply to the Tax Authority for the rebate of the excess amount retained subject to the procedure and form laid down in the Ministerial Order of 23 December 2003. Shareholders are advised to consult their advisers on the procedure to be followed, where applicable, for applying to the Spanish Tax Authorities for the aforementioned rebate.

The procedure laid down in the Order of the Ministry of Tax and Economy. dated 13 April 2000, described above, shall not apply to the dividends or profits shares which, with a limit of €1500, are exempt from taxation in the IRnR under the terms and conditions indicated above. In this case, when the dividend is paid out, the Company shall perform an interim retention of the IRnR totalling 18%, where the shareholder, where applicable, may apply for the rebate of the excess retained amount from the Tax Authorities in accordance with the procedure laid down in the Ministerial Order of 23 December 2003.

Once the retention has been made or the exemption recognized, the non-resident shareholders shall be obliged to present their tax return in Spain for the IRNR.

(b) Patrimonial profits and losses

In accordance with the TRLIRnR, the patrimonial profits obtained by individuals or non-resident entities without permanent establishment in Spain through the transfer of the securities, or any other capital gains related thereto, shall be liable to taxation by the IRnR. In particular, the patrimonial profits resulting from the transfer of shares shall be taxable by the IRnR at the rate of 18%, except when an internal exemption or Treaty signed by Spain is applicable, in which case the provisions laid down in the said Treaty shall apply.

In addition, the following patrimonial earnings shall be exempt through the application of Spanish internal law:

(i) Those resulting from share transfers completed on official Spanish secondary securities markets, obtained without permanent establishment by individuals or entities resident in a state that has signed a dual-taxation treaty with Spain with an information exchange clause, as long as they have not been obtained through countries or territories officially classified as tax havens.

(ii) Those resulting from the transfer of shares obtained with the measure of permanent establishment by tax residents in other Member States of the EU or through permanent establishment of said residents located in another Member State of the EU, providing they have not been obtained through countries or territories qualified as tax havens. The exemption does not affect the patrimonial profits resulting from the transfer of shares or rights of an entity when (i) the assets of the said entity consists mainly, directly or indirectly, of property located in Spain or (ii) at any given time, within the period of 12 months prior to the transfer, the taxpayer has owned, directly or indirectly, at least 25% of the capital or assets of the issuing company.

The patrimonial profit or loss shall be calculated and payable separately for each transfer. Compensation of profits and losses for cases of several transfers with different results is not possible. It shall be quantified by applying the rules laid down in article 24 of the TRLIRnR.

The patrimonial profits obtained by non-residents without permanent establishment shall not be subject to interim retention or payments of the IRnR.

The non-resident shareholder shall be obliged to present a tax return that states any corresponding tax due. The said investor shall also be obliged to pay the said amount. The shareholder's tax representative in Spain can make the return and deposit any due payment, as can the depositary or the manager of the shares, in accordance with the procedure and the model of tax returns laid down in the Ministerial Order of 23 December 2003.

Should an exemption be applicable, either by virtue of Spanish law or by virtue of a dual-taxation treaty, the non-resident investor shall be required to accredit his right by providing a certificate of tax residence issued by the corresponding tax authority in his country of residence (which, where applicable, shall expressly state that the investor is resident in the manner laid down in the applicable Treaty) or the form laid down in the Order that develops the applicable Treaty. For these intents and purposes, the said certificate of residence is valid for one year from its date of issue.

- **Wealth Tax**

Without prejudice to the results of the dual-taxation treaties signed by Spain, the individuals who do not hold their usual residence in Spain in accordance with the provisions laid down in article 9 of the Personal Income Tax Act and who, at 31 December of each year, hold assets located in Spain or rights that may be exercised or must be fulfilled subject to Wealth Tax. The said assets or rights shall be the only ones subject to Wealth Tax, where the reduction corresponding to the minimum exemption may not be applied and where the general tax scale, whose marginal rates vary for the year 2007 between 0.2% and 2.5%, shall be applied.

The Spanish authorities understand that the shares in a Spanish company must be considered as assets located in Spain for tax purposes in all cases.

In the event of taxation by Wealth Tax, the shares owned by non-resident individuals listed for trading on an official secondary securities market in Spain shall be calculated by the average price of the fourth quarter of each year. The Ministry of Economy and Finance publishes the aforementioned average listed price on an annual basis. The tax is paid on a self-assessment basis by the taxpayer, his tax representative in Spain or the depositary or manager of his shares in Spain, in accordance with the procedure and the form laid down in the Ministerial Order of 23 December 2003.

It is recommended that non-resident shareholders consult their lawyers or tax advisers about the terms and conditions under which the Wealth Tax must be applied in each particular case.

- **Inheritance and Gift Tax**

Without prejudice to the dual-taxation treaties signed by Spain, the acquisitions through lucrative title by non-resident individuals in Spain, and regardless of the residence of the transferor, shall be liable to ISD when the acquisition involves property located on Spanish territory or rights that can be exercised or are to be complied with on the said territory. The Spanish authorities understand that the shares in a Spanish company must be considered as assets located in Spain for tax purposes in all cases.

Companies non-resident in Spain are not payers of this tax and the income they obtain by lucrative title shall be taxed generally as patrimonial profits in accordance with the regulations of the IRnR, without prejudice to the provisions laid down in the dual-taxation treaties that may be applicable.

It is recommended that non-resident shareholders consult their lawyers or tax advisers about the terms and conditions under which the ISD must be applied in each particular case.

- **Indication of whether the issuer assumes responsibility for the retention of taxes at source**

As the issuer and payer of the income that may result from the ownership of the securities included in this Offer. Fluidra assumes the responsibility of applying the corresponding interim tax retention in Spain in accordance with the provisions laid down in current legislation.

5. CLAUSES AND CONDITIONS OF THE OFFER

5.1. Conditions, offer statistics, planned calendar and actions required to apply for the Offer

5.1.1. Conditions to which the offer is subject

The Offer is not subject to whatsoever condition. Notwithstanding the foregoing, as is usual practice in this type of transaction, the Offer is subject to the cases of abandonment and revocation laid down in section 5.1.4. below.

5.1.2. The total amount of the issue/Offer, distinguishing between the securities offered for sale and those offered for subscription; if the amount is not set, a description of the agreements and of the moment when the public shall be informed of the definitive amount of the Offer

The Offer consists entirely of a public takeover bid, with no public offer for the subscription of shares.

The initial purpose of this Offer, excluding the shares corresponding to the green shoe purchase option referred to in the section titled 5.2.5. below, comprises 44,082,943 shares in the Company of a face value of one euro (€1) each, where the total nominal amount totals €44,082,943.

The said amount may be increased should the Global Coordination Entities exercise the green shoe purchase option that some of the Offering shareholders plan to award to such entities under the terms and conditions laid down in the section titled 5.2.5. below on 4,898,106 shares of the Company, which represent a total nominal amount of €4,898,106.

Therefore, the total amount of the Offer totals a nominal amount of €44,082,943 (which represents 39.14% of the Company's stock capital) if the green shoe purchase option is not exercised and of €48,981,049 (which represents 43.49% of the Company's stock capital) if the green shoe purchase option is exercised.

In the event of a variation in the number of shares included in the Offer, the number of shares initially allotted to each Tranche in the Offer shall be modified. Furthermore, in this case, the amount of the green shoe purchase option may be modified proportionally, where the said option may not exceed 11.11% of the total Offer under any circumstances.

5.1.3. Period, including any possible amendment, during which the Offer will be open and a description of the application process

Placement procedure for the Retail Tranche

The placement procedure in this Tranche shall comprise the following phases, which are described in more detail below:

Action	Date
Signing of the Retail Tranche Placement Commitment and Underwriting Protocol	10 October 2007
Registration of the Prospectus by the CNMV	11 October 2007
Commencement of the Purchase Mandate Formulation Period Commencement of the Purchase Mandate Revocation Period	15 October 2007
End of the Purchase Mandate Formulation Period Setting of the Maximum Retail Price Signing of the Retail Tranche Underwriting and Placement Contract	22 October 2007
Commencement of the Public Offer period: Formulation and reception of Binding Purchase Applications	23 October 2007
End of the Public Offer period: End of the Purchase Mandate Revocation Period	26 October 2007
Definitive allotment of shares to the Retail and Employee Tranche	Until

Action	Date
Implementation of the pro rata, where applicable:	29 October 2007
Setting the Retail price	29 October 2007
Allotment of shares to investors (Date of the Transaction)	30 October 2007
Official listing for trading	31 October 2007
Liquidation of the Offer	2 November 2007

- **Procedure for the submission of applications**

  The applications may be submitted:

- From 08:30 Madrid time on 15 October 2007 to 14:00 Madrid time on 23 October 2007, both inclusive (within the office times established by each entity) (the "**Purchase Mandate Formulation Period**") through the presentation of Purchase Mandates (hereinafter called "**Mandates**"). The said Mandates shall be entirely but not partially revocable until 14:00 Madrid time on 26 October 2007 (within the office times established by each entity).

- From 08:30 Madrid time on 24 October 2007 to 14:00 Madrid time on 26 October 2007, both inclusive (within the office times established by each entity) through the formulation of irrevocable Purchase Applications (hereinafter called "**Applications**").

- **General rules applicable to the Mandates and Applications**

  Both the Mandates and the Applications shall comply with the following rules:

  ❖ They shall be presented exclusively before the Retail Tranche Underwriters and the placement entities (hereinafter called the "**Placement Entities**") or associated underwriters, where applicable, a list of which is given in section 0.1, below. Whatsoever variation to the identity of the said entities shall be the subject of information additional to this Securities Note and published by the same means as the Prospectus. The investor shall open a current account and securities account in the entity in which he presents his Mandate or Application, if the said accounts are not already open (or, in the case of cash accounts, in an entity belonging to the corresponding group if the entity through which the investor processes his Mandate or Application offers the said option). The opening and closing of the accounts shall be free from expenses and commissions for the investor. With regard to the expenses resulting from the maintenance of the said accounts, the aforementioned entities may apply the corresponding commissions as laid down in their respective price lists.

  ❖ They shall be presented in writing and signed by the interested investor (hereinafter called the **"Applicant"**) or by a person with sufficient power for representing the investor on the corresponding form the Underwriters or

Underwriting Entity (or associated underwriting, where applicable) shall provide, without prejudice to the option for formulating Mandates and Applications by telephone or by computer. The formulation of a Mandate or Application shall imply the acceptance by the Applicant of the terms and conditions of the Offer laid down in this Prospectus. No Mandate or Application that does not contain all the identification details of the Applicant as required by current legislation for this type of transaction (name and surname(s) or company name, address and taxpayer ID or, in the case of non-residents in Spain without a tax payer ID, passport number and nationality) shall be accepted, In the case of Mandates or Applications presented on behalf of minors, the taxpayer ID of the minor shall be given or, if he does not have one, his date of birth and the taxpayer ID of the legal representative, which shall not imply allocating the taxpayer ID of the representative to the subscription for the intents and purposes of controlling the number of Mandates or Applications presented under co-ownership or controlling the maximum investment limit laid down in this Prospectus.

The requirement of indicating the taxpayer ID or passport number is for legal reasons and to enable the validation of the magnetic media that contain the Mandates and Applications and to control possible duplications, Whatever the case, the Company hereby informs non-residents that receive income in Spain of the obligation to apply for the allocation of a taxpayer ID number.

- ❖ They shall indicate, in the Applicant's own handwriting, the amount in euros he wishes to invest, which (except in the case of revocation, in the case of Mandates) shall be applied to the acquisition of shares at the Retail Price determined after the Purchase Binding Applications Period. Notwithstanding the foregoing, it shall be acceptable for the amount to be printed mechanically, as long as it has been set by the investor and is so confirmed by an additional signature on the said figure.
- ❖ The minimum amount for which Mandates and Applications may be formulated in the Retail Tranche shall be €1,500. In turn, the maximum amount shall be €60,000, whether corresponding to revoked Mandates, direct Applications or the sum of both.
- ❖ The Mandates and Applications of the Retail Tranche may also be placed by computer (the Internet) through the Underwriters and Placement Entities (or associated underwriters, where applicable) that are willing to accept Mandates and Applications placed in this way and have sufficient means for guaranteeing the security and confidentiality of the corresponding transactions.
  - ➢ The Applicant shall comply with the rules for access and contracting by computer laid down by the Underwriters or Placement Entities (or associated underwriters, where applicable) and the latter, in turn, shall respond for the authenticity and integrity of the Mandates and Applications placed by the said means and shall guarantee the confidentiality and filing of the said Mandates and Applications.
  - ➢ Before contracting the shares, the Applicant may access the information about the Offer and, in particular, this Prospectus via the

Internet and print it. Should the Applicant decide to access the page for contracting shares, the entity shall ensure that the Applicant has previously completed a field that guarantees that he has accessed the summary which, briefly and in plain language, shall reflect the specifications and essential risks associated with the Company, the possible guarantors and securities (hereinafter called the "**Prospectus Summary**")

- Subsequently, the Applicant shall access the page for contracting Fluidra's shares, in which he shall enter his Mandate or Application, whose amount in euros may not be lower or higher than the minimum and maximum limits set in this Prospectus. The Applicant shall also have the option of revoking the Mandates he has presented under the same terms and conditions as those presented physically at the branch offices of the Underwriters, Placement Entities (or associated underwriters, where applicable) of the Retail Tranche and Processing Entities for the Employee Tranche, where the said revocation shall be total and not partial. Finally, the Applicant shall enter the securities account number where he wishes to pay the purchase of the shares in Fluidra and the cash account where he wishes to charge the corresponding amount. Should he have more than one cash account and/or securities account open with the Underwriters or Placement enities (or associated underwriters, where applicable), he shall choose one of them. If the Applicant has not contracted any of the said accounts with the Underwriters or Placement entities (or associated underwriters, where applicable), he shall contract it under the terms and conditions laid down by the said entity. Once the order has been entered in the system, the system shall allow the investor to obtain confirmation of the said order with the date and time thereof. It shall be possible to print the said confirmation on paper. The opening and cancellation of share accounts shall not be subject to commissions or opening and closing charges, regardless of the means used to open them (in person or telematically).

The Underwriters that accept Mandates and Applications in this way have confirmed in writing in the protocol of intentions for the Retail Tranche underwriting commitment and Underwriters both the sufficient nature of their entity's means and those of their associated Placement Entities, where applicable, for guaranteeing the security and confidentiality of the transactions made on these media, as well as their commitment to indemnifying Applicants for whatsoever other damages they may suffer as a consequence of breach by the said Entity or its associated Placement Entities, where applicable, of the terms and conditions laid down in the protocol of intentions for the Retail Tranche underwriting commitment and Underwriters for processing Mandates and Applications in this way.

With regard to the above, the following entities shall offer the possibility of placing Mandates and Applications by computer (Internet):

- Uno-E Bank, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Open Bank Santander Consumer, S.A. and Banco de Sabadell, S.A.

❖ The Retail Tranche Applications and Mandates may also be placed by telephone with the Insurance or Placement Entities (or associated underwriters, where applicable) that are willing to accept Mandates and Applications placed in this way and have previously signed a contract with the Applicant whereby the latter accepts an identification system with at least one code to know and authenticate the identity of the Applicant.

  - The Applicant shall comply with the rules for accessing and contracting by telephone laid down by the Underwriters or Placement Entities (or associated underwriters, where applicable) and the latter, in turn, shall respond for the authenticity and integrity of the Mandates and Applications placed by the said means and shall guarantee the confidentiality and filing of the said Mandates and Applications.
  - Before applying for shares in Fluidra, the Applicant shall declare that he has had the Prospectus Summary at his disposal. Should he declare that he has not read it, he shall be informed of how he can obtain it and, should he wish not to do it, he shall be informed of the information contained in the said summary.
  - Subsequently, the Applicant shall reply to each of the sections laid down in the written Mandate or Application form. The amount of the Mandate or Application may not be lower than or higher than the minimum and maximum limits set in this Prospectus. The Applicant shall also have the option of revoking the Mandates he has presented under the same terms and conditions as those presented physically at the branch offices of the Underwriters and Placement Entities (or associated underwriters, where applicable) of the Retail Tranche, where the said revocation shall be total and not partial. Finally, the Applicant shall indicate the securities account number where he wishes to pay the purchase of the shares in Fluidra and the cash account where he wishes to charge the corresponding amount. Should he have more than one cash account and/or securities account open with the Underwriters or Placement Entities (or associated underwriters, where applicable), he shall choose one of them. If the Applicant has not contracted any of the said accounts with the Underwriters or Placement Entities (or associated underwriters, where applicable), he shall contract it under the terms and conditions laid down by the said entity.
  - The Underwriters that accept Mandates and Applications in this way have confirmed in writing in the protocol of intentions for the Retail Tranche underwriting commitment and Underwriters both the sufficient nature of their entity's means and those of their associated Placement Entities, where applicable, for guaranteeing the security and confidentiality of the transactions made on these media, as well as their commitment to indemnify Applicants for whatsoever other

damages they may suffer as a consequence of breach by the said Entity or its associated Placement Entities, where applicable, of the terms and conditions laid down in the protocol of intentions for the Retail Tranche underwriting commitment and Underwriters for processing Mandates and Applications in this way.

With regard to the above, the following entities shall offer the possibility of placing Mandates and Applications by telephone:

- Uno-E Bank, S.A., Open Bank Santander Consumer, S.A., Banco de Sabadell, S.A., and Ibersecurities, SV, S.A.

❖ The number of shares—for the purposes of pro rata distribution—in which the purchase subscription shall be converted based on the execution of the unrevoked Mandate or Application shall be the quotient resulting from dividing the aforementioned amount in euros by the Maximum Retail Price. In the case of fractions, the number of shares, calculated in this way, shall be rounded down.

❖ All the individual Applications made by the same person shall be added together for the intents and purposes of controlling maximum limits. forming one single purchase subscription, which shall be calculated as such,

❖ The entities receiving the Mandates and Applications may require the corresponding Applicants to provide the funds necessary for their execution. If, as a consequence of the pro rata, cancellation of the subscription, abandonment of the Offer or revocation, it were necessary to return to those to whom the shares are allotted all or part of the provision made, the return shall be made on the date of the business day following the date of the allotment, cancellation, abandonment or revocation.

  If, for reasons attributable to the Underwriters and/or Placement Entities (or associated underwriters, where applicable) whatsoever delay occurs to the deadline indicated for the return of the excess or the total provision made, the said Entities shall pay interest for late payment at the legal interest rate (currently set at 5%) as from the aforementioned date and until the day on which it is paid to the Applicant.

❖ The Underwriters or Placement Entities (or associated underwriters, where applicable) shall reject the Mandates or Applications that do not meet any of the requirements applicable thereto.

❖ The Underwriters shall send the Agent Entity (which shall act on behalf of the Company and the Offering shareholders and shall immediately inform the latter and the Global Coordination Entities) and the Processing Entities the lists of the Mandates and Applications received on the dates and in the terms and conditions laid down in the respective protocols or contracts. The Agent Entity may reject the reception of the lists of Applications or Mandates not delivered by the Underwriters under the terms and conditions laid down in the respective protocols or contracts. The claims for damages or for whatsoever other concept that may arise from the Agent Entity's refusal to receive the aforementioned lists shall be the exclusive responsibility of the Underwriters and Placement Entities delivering the lists after the deadline faulty or with substantial errors or omissions with regard to the investors, where, in the said case, no type of responsibility may be accredited to the Company and/or the Offering shareholders, the Agent Entity or the other Underwriters.

- **Special rules applicable to the Mandates**

  The Mandates shall be revocable from the date on which they are placed to 14:00 on 26 October 2007. The revocation of the Mandates shall be presented to the Entity in which they were awarded through the form provided accordingly and may only refer to the total amount of the Order, where partial revocation is not accepted, all without prejudice to the formulation of new Mandates or Applications. If several Mandates have been placed, the Order to which the revocation refers must be clearly indicated. After the aforementioned term, the Mandates that have not been expressly revoked shall become irrevocable and shall be executed by the entity to which they have been presented at the price finally set for the Retail Tranche, except in the case of total automatic revocation under the terms and conditions laid down in this Prospectus.

  In the case of revocation of the Mandates, the Entity receiving the Order shall return to the investor on the day following the revocation the provision of funds received, where it may not charge whatsoever expense or commission for the said revocation.

  The investors placing Mandates shall have preference in the pro rata as laid down in section 5.2.3.

- **Special rules applicable to the Applications**

  (i) Whatsoever Application presented during the Public Offer Period shall be considered as firm and shall be irrevocable, where it shall be understood that the Applicant accepts as the price per share the Retail Price of the Offer set in accordance with the provisions laid down hereunder.

  (ii) It is hereby expressly stated that the Applications placed directly during the Public Offer Period may be completely unattended as a consequence of the priority awarded in the pro rata to the requests originating from unrevoked Mandates, in accordance with the rules laid down in section 5.2.3.c) below.

  The presentation of Applications by an investor during the Public Offer Period shall not imply the cancellation of the Mandates presented by the said investor, except when the maximum investment limit referred to in section 5.1.6 below is exceeded.

<u>Placement procedure of the Spanish Tranche for Qualified Investors</u>

The placement procedure in this Tranche shall comprise the following phases, which are described in more detail below:

Action	Date

Action	Date
Signing of the Underwriting Commitment and Underwriters Protocol	10 October 2007
Registration of the Prospectus by the CNMV	11 October 2007
Commencement of the Book Building Period in which proposals are made by investors	15 October 2007
End of the Book Building Period Setting of the Price of the Tranche for Qualified Investors of the Offer Selection of Purchase Proposals Signing of the Spanish Tranche for Qualified Investors Underwriting and Placement Contract Commencement of the term of confirmation of Purchase Proposals	29 October 2007
End of the term of confirmation of Proposals Definitive allotment of shares to the Tranches for Qualified Investors Allotment of shares to investors (Date of the Transaction)	30 October 2007
Official listing for trading	31 October 2007
Liquidation of the Offer	2 November 2007

- **Purchase proposals**

  The purchase proposals ("**Proposals**") in this Tranche shall be presented during the Book Building Period, which shall begin at 08:30 Madrid time on 15 October 2007 and end at 11:00 Madrid time on 29 October 2007.

  During the book building period, the Underwriters of this Tranche shall publicise and promote the Offer, in accordance with the Spanish Tranche for Qualified Investors underwriting commitment and insurance protocol of intentions, in order to obtain an indication of the number of shares and the price at which they would be willing to purchase shares in Fluidra from the potential interested parties.

  The rules governing the Proposals shall be as follows:

  ❖ The Proposals of shares shall be presented by the Applicant exclusively to any of the Underwriters of this Tranche.

  ❖ The Proposals shall include an indication of the number of shares each investor would be interested in purchasing, as well as, where applicable, the price at which each investor would be willing to purchase the aforementioned shares, in order to obtain, in accordance with international practice, a greater estimate of the characteristics of the demand.

- The Proposals constitute only an indication of the interest of the interested parties in the securities, where their presentation shall not be binding for the interested parties, Fluidra or for the Offering shareholders.
- The Proposals may not be for an amount less than 60,000 euros.
- The Underwriters shall reject the Proposals that do not meet any of the requirements laid down for the said Proposals in this Prospectus or in current legislation.
- The Underwriters may require the Applicants to provide funds to ensure the payment of the price of the shares. In the said case, they shall return the corresponding provision of funds to the said Applicants free from whatsoever expense or commission no later than the business day following that on which any of the following circumstances occur:

  (i) Non-selection or non-confirmation of the Proposal made by the Applicant.

  In the case of partial selection or partial confirmation of the Proposals made, the return of the provision shall affect only the part corresponding to the Proposals not selected or not confirmed.

  (ii) Abandonment by the Company from continuing the Offer under the terms and conditions laid down in this Prospectus.

  (iii) Total automatic revocation of the Offer under the terms and conditions laid down in this Prospectus.

  If, for reasons attributable to the Underwriters, a delay should occur in the return of the corresponding provision of funds, the said Underwriters shall pay interest for late payment at the legal interest rate of money (currently set at 5%), which shall accrue from the deadline to the day on which it is paid to the Applicant.

- **Selection of Proposals in the qualified investors tranche**

On 29 October 2007, before the commencement of the term of confirmation of Proposals, Santander Investment, S.A., Banco de Sabadell, S.A. and Banco Bilbao Vizcaya Argentaria, S.A., as the entities responsible for maintaining the Proposals Book of this Tranche, shall agree a joint allotment proposal that shall be presented to Fluidra by the Lead Entities of this Tranche.

By mutual agreement with the Global Coordination Entities, Fluidra shall be responsible for selecting the Proposals in the institutional tranches, for which the said proposals shall be jointly assessed in accordance with investment stability and quality criteria, taking into account the form and terms in which they are made, considering whether or not they have been presented in writing, signed. Whatever the case, Fluidra and the Global Coordination Entities may totally or partially accept or reject any of the said Proposals at their joint discretion and without the need for whatsoever justification, providing any such rejection does not involve the exercise of underwriting. In mutual agreement with the Global Coordination Entities, and subsequent to Fluidra having consulted the Lead

Entities—whose opinion shall also be taken into account—Fluidra shall also be responsible for setting the share price and the number of shares definitively allotted to the Qualified Investors Tranche.

The Lead Entities shall notify each of the Underwriters of the share price, the number of shares definitively allotted to the Qualified Investors Tranche and the list of purchase Proposals selected from those received from the said Underwriters Entity before the commencement of the term of confirmation of purchase Proposals.

- **Confirmation of proposals**

Once the selection of the Proposals has been notified, the confirmation process for the selected Proposals shall commence as long as: (i) where applicable, an agreement is reached by and between the Global Coordination Entities and the Company, acting on behalf of the Offering shareholders regarding the purchase price of the shares in the Company allotted to the Spanish Tranche for Qualified Investors and Other Relevant Terms and Conditions; and (ii) where applicable, the Spanish Tranche for Qualified Investors Underwriting Contract is signed.

During this period, each Underwriter shall inform each investor that has presented Proposals to it of the selection of his Proposal, the number of shares allotted and the share price, informing him that he may confirm the said Proposal until 08:30 Madrid time on 30 October 2007 and, also informing him in all cases that, should the initially selected Proposal not be confirmed, it shall be rendered null and void.

The confirmations, which shall be irrevocable, shall be made before the Underwriters to which the Proposals were presented unless the said entities have not signed the Underwriting and Placement Contract.

Should any of the entities that have received Proposals fail to sign the Underwriting and Placement Contract, the Lead Entities shall notify the Applicants who made the said Proposals to the said Entity of the total or partial selection of their Proposals, the Price of the Tranche for Qualified Investors, that they can confirm the Proposals with the Lead Entities and of the deadline for confirming the selected Proposals.

The confirmed Proposals shall become firm purchase Applications and shall be irrevocable.

- **Applications other than the initially selected proposals and new proposals**

Exceptionally, during the period of confirmation of Proposals, Proposals other than those initially selected or new Proposals may be accepted, but they may be allotted shares only if they are accepted by the Company in mutual agreement with the Global Coordination Entities and as long as the Proposal confirmations do not cover the entire Offer in the Spanish Tranche for Qualified Investors.

Unless expressly authorised by Fluidra in mutual agreement with the Global Coordination Entities, no Applicant may confirm Proposals for a number of shares higher than the number of previously selected shares.

- **Remission of Applications**

  On the day on which the period of confirmation of Proposals ends, each Underwriter shall inform the Lead Companies before 09:00, in accordance with the provisions laid down in the Spanish Tranche for Qualified Investors Underwriters Contract, who, in turn, shall inform the Company and the Agent Entity, of the confirmations received, indicating the identity of each Applicant and the amount firmly requested by each one.

Procedure for the placement of the International Tranche

The procedure for the placement of the International Tranche shall be the same as that described in the Spanish Tranche for Qualified Investors with adaptions to fit in with specific applicabe features.

Procedure for the placement of the Employee Tranche

The rules contained in the previous section on the Retail Tranche will apply to the Employee Tranche, with the special conditions described below:

– Purchase applications must be made using a Mandate, which must be drawn up during the Mandate Formulation Period. Therefore, applications may not be made during the Public Offering Period.

– Mandates must be placed between 08:30 Madrid time on 15 October 2007 and 14:00 Madrid time on 23 October 2007, inclusive. The closing date coincides with the end of the Period for Placing Mandates in the Retail Tranche. All Mandates must be placed each institution's official opening times that. The form specifically designed for placing Mandates in the Employee Tranche must be used by employees who reside in Spain, France, the United Kingdom, Italy, Portugal, Germany and Austria. Forms will be provided by the Company and the companies in the Fluidra Group and are described in section 5.2.1 below of this Securities Note. No Mandates may be placed in the Employee Tranche via telematic means or over the telephone.

– The Mandates may be revoked from 08:30 Madrid local time on 15 October 2007 to 14:00 Madrid local time on 26 October 2007.

– The Mandates may be made exclusively with any of the Retail Tranche Underwriters or Placement Entities – except for the Banco Español de Crédito, S.A.-or their respective Associated Placement Entities –except for Uno-E Bank, S.A. and Banco Depositario BBVA. S.A.-, listed in section 5.4.1. below, which shall be considered as Processing Entities in this Employee Tranche (the "**Processing Entities**"), where the Applicants shall have cash and securities accounts in the Entity through which they send their Mandates, of which the Applicant shall be the only account holder (or, in the case of cash accounts, in an entity belonging to the corresponding group, if the Entity through which the employee processes his/her Order accepts the said possibility). The opening and closing of the accounts shall be free from expenses and commissions for the employee. With regard to the expenses arising from the maintenance of the said accounts, the aforementioned entities may apply the commissions laid down in their respective price lists.

– As an exception, the employees of the non-Spanish companies of the Group, must send their Mandates through Open Bank Santander Consumer, S.A. To this purpose, the employees must have a cash and securities account with such an entity. All the other requirements set forth above in this paragraph will likewise be applicable. The Company, together with the foreign companies of the Group, shall coordinate with Open Bank Santander Consumer, S.A. and with the Agent Entity the procedure for subscribing to Mandates, and shall facilitate the drawing up and revocation of the same, including receiving the orders and sending them to Open Bank Santander Consumer, S.A. and, where applicable, to the Agent Entity.

– The Processing Entities may require the employees to provide funds for executing the Mandates. Should, as a result of the cancellation of the request, the abandonment of the Offer or revocation it be necessary to return to those receiving the shares all or part of the provision made, the return shall be carried out on the business day following the date of allotment, cancellation, abandonment or revocation.

– Should, for causes attributable to the Processing Entities, there be whatsoever delay to the deadline indicated for the return of the excess or the total amount of the provision made, the said entities shall pay interest for late payment at the legal interest rate (currently set at 5%) as from the aforementioned date and up to the date on which it is paid to the employee.

– The Employee Sale Price shall be the Retail Price of the offer with a 20% discount (rounded up or down by default to the nearest euro cent).

– Only one Order may be made per employee, which shall show, handwritten by the employee, the amount of euros he/she wishes to invest, which shall be between 500 euros and 45,000 euros and which are the minimum and maximum limits as described in section 5.1.6. below in this Securities Note and which shall apply to the purchase of shares at the Employee Sale Price also indicated below. Should any employee place more than one Order in this Tranche, only the Order for the highest worth will be accepted, and if there were several Mandates of the same amount, one will be selected at random, and the remainder deemed to be cancelled.

– For the purposes of the allotment, the number of shares that will come from the purchase request based on the execution of the Order for each employee will be the result of dividing said amount in euros between the Maximum Retail Price reduced by 20%, rounded up or down or by default to the nearest euro cent, In the case of a fraction, the number of shares calculated in this way will be rounded by default to the nearest whole number.

– In addition, if an Order in this Tranche is made for an amount higher than the maximum limits indicated in section 5.1.6, below in this Securities Note, it shall be understood as made for the said maximum amount and the excess shall be rejected.

- The Mandates shall be unipersonal and may not contain more than one holder (who shall be the employee himself/herself). Should the Order contain more than one holder, the said Order shall be cancelled.

- The Processing Entities shall not verify the condition of employees of the investors making Mandates in this Employee Tranche. Notwithstanding the foregoing, the Processing Entities shall check that the Mandates presented in this Tranche comply with the remaining requirements laid down for their placement, which have been described in the Retail Tranche, and reject the Buy Mandates that do not meet with any of the said requirements.

- No later than 26 october 2007 at 15:00, Madrid time, the Company shall send the Agent Entity a computer file in the format previously agreed by and between both parties containing the list (name, surname(s) and taxpayer ID) of the Fluidra employees included in this Tranche. The Agent Entity shall reject and not execute the Mandates placed with the Processing Entities by the individuals not appearing in the said computer file.

- Any of the individuals included in this Tranche may choose to place Mandates or Applications in the Retail Tranche regardless of the fact that they make additional Mandates in the Employee Tranche. The amounts of the Mandates and the Applications of the Retail Tranche shall not be added under whatsoever circumstances to the amount of the Employee Tranche Mandates for the application of the maximum limits per Order made in the Employee Tranche or vice versa.

- For the intents and purposes of benefiting from the discount indicated in the previous section, the employees shall maintain the shares they purchase in the Company in the context of the Employee Tranche of the Offer from their allotment until 180 days after the date on which the shares in the Company are listed on the stock exchanges, unless the Corporate Staff Managers excuse them, on request and for justified reasons, from the said obligation to maintenance.

  Should whatsoever employee sell the shares purchased in the Employee Tranche prior to the said date without previously obtaining the said permission, he/she shall notify the Corporate Staff Managers of Human Resources and repay the discount of 20% from which he/she has benefited in the purchase of the shares.

  In the case of breach of the obligation to notification and should the Company discover that the employee has sold all or part of the shares from the Employee Tranche prior to the expiry of the aforementioned term, the Company reserves the right to deduct or have the company employing the employee deduct from the salary of the employee selling all or part of the said shares the amount corresponding to the discount on the shares sold or, if the said individual is no longer an employee of Fluidra, to claim the corresponding amount from the said employee.

– For the purposes of the above section, the Company may, at any time before the end of the said 180-day period, require the employees to provide proof that the shares purchased in the Company as part of the Employee Tranche of the Offer have not been transferred.

5.1.5. Indication of when and under what circumstances the Offer may be revoked or suspended and whether the revocation can occur once trading has commenced

Abandonment

On behalf of the Offering shareholders, the Company expressly reserves the right to abandon the Offer, postpone it, defer it or suspend it temporarily or indefinitely at any time before the definitive setting of the price of the Company's shares (scheduled for 29 October 2007) for whatsoever reason and where Fluidra shall not be required to justify its decision) and, in any case, before the signing of the Underwriters Contracts for the Tranches for Qualified Investors. The abandonment shall affect all the Tranches of the Offer and shall lead to the cancellation of all the Mandates not revoked in the Retail Tranche, all the Purchase Applications in the Retail and Employee Tranche and all the Purchase proposals in the Qualified Investors Tranches. Consequently, the obligations assumed by the Company (on its own behalf or on behalf of the Offering shareholders) and by the Applicants resulting therefrom shall expire.

Except for the provisions laid down in the Protocols and Contracts signed within the framework of the Offer, the abandonment shall not give rise to responsibility on the Company or the Offering shareholders' part regarding the Global Coordination Entities, the Underwriters, the Placement Entities, Processing Entities or their associated entities, or the individuals or bodies corporate that may have placed Mandates or Proposals, or the Global Coordination Entities, the Processing Entities, the Underwriters, the Placement Entities and their associated entities with regard to the aforementioned individuals or bodies corporate that may have placed Mandates or Proposals, without prejudice to the agreements on the expenses included in the insurance protocol and those which are included in the Underwriting Contracts, where applicable. They shall therefore have no right to claim for damages or compensation simply because of the abandonment of the Offer.

In this case, the entities receiving provisions of funds from investors shall return them, free from commissions and expenses and without interest, dated on the business day following that of the abandonment. Should there be a delay in the return for reasons attributable to the said entities, they shall pay interest for late payment, accrued from the business day following the date on which the abandonment takes place and up to the date of the effective payment at the legal interest rate (currently set at 5%).

The Company shall report the said abandonment to the CNMV on the date on which it occurs and in the shortest possible term and subsequently publish it in at least one national daily newspaper and, in all cases, no later than the second business day after that on which it is reported to the CNMV.

Total automatic revocation

The Offer shall be automatically revoked in all its Tranches in the following cases:

(i) In case of failure to reach agreement by and between Fluidra and that Global Coordination Entities to set the prices of the Offer.

(ii) If, before 03:00 Madrid time on 24 October 2007, the Retail Tranche Underwriting and Placement Contract has not been signed.

(iii) If, before 03:00 Madrid time on 30 October 2007, any of the Qualified Investors Tranche Underwriting and Underwriting Contract have not been signed.

(iv) If, at any time prior to 20:00 on 30 October 2007, any of the Underwriting and Placement Contracts are terminated as a result of the causes laid down therein and in section 5.4.3. below. The termination of any of the Underwriting and Placement Contracts implies the termination of the other Contracts and, therefore, the automatic revocation of the Offer.

(v) Should the Offer be suspended or rendered null and void by whatsoever competent judicial or administrative authority.

The total automatic revocation of the Offer shall lead to the cancellation of all the unrevoked Mandates in the Retail Tranche, all the Retail and Employee Tranche Applications and all the Purchase proposals for the Qualified Investors Tranches that have been selected and confirmed, where applicable, and to the termination of all the sales and purchases inherent to the Offer. Consequently, there shall be no obligation for the Offering shareholders to deliver the shares and no obligation to payment by the investors.

Except for the provisions laid down in the Protocols and Contracts signed within the framework of the Offer, the revocation shall not give rise to responsibility on the Company or the Offering shareholders' part regarding the Global Coordination Entities, the Processing Entities, the Underwriters, the Placement Entities or their associated entities, the Processing Entities and their associated entities, the Agent Entity or the individuals or bodies corporate that may have placed Mandates, Applications or Proposals, whether confirmed or otherwise, or the Global Coordination Entities, the Processing Entities, the Underwriters, the Placement Entities and their associated entities and the Agent Entity with regard to the aforementioned individuals or bodies corporate that may have placed Mandates or Proposals, without prejudice to the agreements on the expenses included in the underwriting protocols and those which are included in the Underwriting Contracts, where applicable. They shall therefore have no right to claim for damages or compensation simply because of the revocation of the Offer.

The Underwriters receiving provisions of funds from investors shall return them, free from commissions and expenses and without interest, dated on the business day following that of the revocation. Should there be a delay in the return for reasons attributable to the said entities, they shall pay interest for late payment, accrued from the business day following the date on which the revocation takes place and up to the date of the effective payment at the legal interest rate (currently set at 5%).

In the case of total automatic revocation. Fluidra shall notify the CNMV in the shortest possible term and shall publish the circumstance in at least one national daily newspaper, without prejudice to the fulfilment of the provisions laid down in article 170 of the Limited Companies Act.

Revocation in the case of non-listing of the shares

Should the Company's shares not be listed on the Stock Exchange before 12:00p.m. on 30 November 2007, the sales and purchases resulting from the Offer shall be terminated. As a result of the termination of the purchases and sales inherent to the Offer, the amount paid by the investors awarded the shares and, where applicable, the Underwriters purchasing shares by virtue of the Offer shall be returned thereto, together with the legal interest (currently set at 5%) from the date of the settlement of the Offer until the date of their effective payment, where the former and the latter shall undertake to return the shares awarded.

Accordingly, should the settlement of the Offer take place before the Company's shares are listed on the Stock Exchanges, the funds received by the Offers for the shares sold by virtue of this Offer shall be deposited in one or more cash accounts opened by the Company with the Agent Entity in the name of the Offering shareholders or, where applicable, in its own name but on the account of the latter. The said funds shall be immobilised until the Company's shares are effectively listed or, where applicable. until 30 November 2007.

Except for the provisions laid down in the Protocols and Contracts signed within the framework of the Offer, the revocation of the Offer shall not give rise to responsibility on Fluidra's or the Offering shareholders' part regarding the Global Coordination Entities, the Processing Entities, the Underwriters, the Placement Entities or their associated entities, the Agent Entity or the individuals or bodies corporate that may have placed Mandates, Applications or Proposals, or the Global Coordination Entities, the Processing Entities, the Underwriters, the Placement Entities and their associated entities, the Processing Entities or Associated Processing Entities, where applicable, and the Agent Entity with regard to Fluidra or the aforementioned individuals or bodies corporate that may have placed Mandates, Applications or Proposals, without prejudice to the agreements on the expenses included in the underwriting protocols or in the management contracts for the Employee Tranche and those which are included in the Underwriting Contracts, where applicable, They shall therefore have no right to claim for damages or compensation simply because of the revocation of the Offer.

The revocation of the Offer due to this clause shall be reported by the Company to the CNMV and the Global Coordination Entities in the shortest possible term and published in at least one national daily newspaper.

5.1.6. Description of the possibility of reducing Applications and the way of repaying the excess amount paid by the applicants

There is no possibility of reducing the Applications, without the right to completely revoking the Mandates or to not confirming the Proposals in the cases laid down in this Prospectus, where applicable.

5.1.7. Details of the minimum and/or maximum amount of the subscription (whether the number of securities or the total amount to be invested)

Retail Tranche

The minimum amount for which Mandates and Applications may be made in the Retail Tranche shall be 1,500 euros and the maximum amount shall be 60,000 euros, whether unrevoked Mandates, direct Applications or the sum of both.

Accordingly, no consideration shall be given to the Applications in the Retail Tranche which, placed plurally, whether individually or jointly, by the same Applicant jointly exceed the limit of 60,000 euros in the part of the said limit they jointly exceed.

The maximum limits laid down in this section shall be controlled using the Applicants' tax or passport number and, in the case of minors, the date of birth. Should the dates of birth coincide, the name of each minor shall be used accordingly.

As a result, the Mandates or Applications placed on behalf of several individuals shall be understood as placed by each of the said individuals for the amount shown on the Mandate or Application.

For the intents and purposes of calculating the maximum limit per Applicant, when each and every one of the Applicants coincide on various Applications (based on Mandates or on Applications) they shall be added together to make one single subscription.

Should any Applicants exceed the investment limits, the following rules shall apply:

- Preference shall be given to the Mandates over the Applications, so that the amount corresponding to the Applications shall be eliminated so that, as a whole, the Applicant's subscription does not exceed the investment limit. Therefore, should the same Applicant present one or more Mandates which jointly exceed the established limit and also present Applications, the said Applications shall be eliminated.
- Should it be necessary to reduce Applications of the same type (Mandates or Applications), the excess between the different types of Mandates or Applications affected shall be reduced proportionally.
- In order to reduce the amount of Applications of the same type, should the same Applicant place different Applications of the same type based on different co-ownership formulas, the following shall apply:

    (i) The Applications with more than one holder shall be divided into as many Applications as owners, allocating each owner the total amount shown on each original subscription.

(ii) All the Applications obtained as indicated in section (i) which correspond to the same owner shall be grouped together.

(iii) If, when considered jointly, the Applications of the same type presented by the same owner as indicated in sections (i) and (ii) above, there should be an excess over the investment limit, the said excess shall be distributed proportionally between the affected Applications, taking into account that if a subscription is affected by more than one limit access redistribution transaction, it shall be applied to the subscription whose reduction corresponds to the highest amount.

(iv) Whatever the case, should the same individual have placed more than two joint purchase Applications, or the Applications presented jointly shall be cancelled for all intents and purposes and only those placed individually shall be valid.

The following is an example of the application of the rules for controlling the maximum investment limits indicated in this section:

EXAMPLE OF THE CALCULATION OF THE MAXIMUM LIMIT IN APPLICATIONS			
Entity	**Subscription type**	**Applicants**	**Amount €**
A	Individual order	Applicant No. 1	20,000
B	Order in co-ownership	Applicant No. 1 Applicant No. 2	50,000
C	Order in co-ownership	Applicant No. 2 Applicant No. 3	30,000
D	Individual subscription	Applicant No. 1	15,000

In order to calculate the investment limit, the following shall be considered:

- Applicant No. 1 applies for 70,000 euros in Purchase Mandates (20,000 euros in Entity A and 50,000 euros in Entity B, in co-ownership with Applicant No. 2) and 15,000 euros in Purchase Applications in Entity D.

  A total of 85,000 euros (20,000 + 50,000 +15,000)

- Applicant No. 2 applies for 80,000 euros in Purchase Mandates (50,000 euros in Entity B, in co-ownership with Applicant No. 1, and 30,000 euros in Entity C, in co-ownership with Applicant No. 3),
- Applicant No. 3 applies for 30,000 euros in Purchase Order (in co-ownership with Applicant No. 2, in Entity C).

Therefore, the Applicants exceeding the maximum investment limit would be the following:

- Applicant No. 1, with an excess of 25,000 euros (85,000-60,000). Considering that he has placed Mandates that exceed the limit of 60,000 euros, the Subscription placed in the Public Offer Period would be eliminated. Consequently, the excess Mandates would total 10,000 euros (70,000-60,000)
- Applicant No. 1, with an excess of 20,000 euros (80,000-60,000).

The said excesses of 10,000 and 20,000 euros, respectively, would be distributed between the affected purchase Applications (that of Entity A, that of Entity B and that of Entity C), for which the following operation shall apply:

ENTITY "A"

Applicant No. 1 => $\frac{10,000 \times 20,000}{70,000}$ = 2,857,1428 euros

ENTITY "B"

Applicant No. 1 => $\frac{10,000 \times 50,000}{70,000}$ = 7,142,8571 euros

Applicant No. 2 => $\frac{20,000 \times 50,000}{80,000}$ = 12,500 euros

ENTITY "C"

Applicant No. 2 => $\frac{20,000 \times 30,000}{80,000}$ = 75,000 euros

ENTITY "D"

The Subscription is eliminated since Applicant No. 1 has exceeded the investment limits with his Mandates.

Given that the purchase subscription placed by Entity B is affected by two different excess elimination operations, the highest shall be applied. Therefore, the corresponding excesses shall be eliminated by deducting:

- From the Purchase Subscription corresponding to Entity A: 2,857,1428 euros.
- From the Purchase Subscription corresponding to Entity B: 12,500 euros.
- From the Purchase Subscription corresponding to Entity C: 7,500 euros.

The Subscription corresponding to Entity D shall be fully eliminated due to the fact that it is affected by the Applications from Banks A and B.

The Applications would be as follows:

Entity	Subscription type	Applicants	Amount €
A	Individual order	Applicant No. 1	17,142,85
B	Order in co-ownership	Applicant No. 1 Applicant No. 2	37,500
C	Order in co-ownership	Applicant No. 2 Applicant No. 3	22,500
D	Individual subscription	Applicant No. 1	0

Employee Tranche

The Mandates placed in the Employee Tranche must be of a minimum amount of 500 euros and a maximum of 45,000 euros.

Spanish Tranche for Qualified Investors

The Proposals may not be for an amount less than 60,000 euros.

There is no maximum amount for the formulation of Proposals in the Qualified Investors Tranches.

5.1.8. Indication of the period in which the Applications may be withdrawn, providing that investors are allowed to withdraw their Applications

In accordance with the provisions laid down in the section titled **0** above:

- Only the Mandates placed in the Retail and Employee Tranche before 14:00h on 26 October 2007 shall be fully, but not partially, revocable. After the said date, the Mandates not expressly revoked shall become irrevocable.
- The Applications placed in the Retail Tranche shall be irrevocable.
- The Proposals placed in the Tranches for Qualified Investors constitute only an indication of the interest of the parties interested in the securities, where their presentation shall not be binding for the interested parties or for the Offering shareholders.
- The confirmations of Proposals in the Tranches for Qualified Investors shall be irrevocable.

5.1.9. **Method and deadlines for the payment and delivery of the securities**

- Payment of the securities

  The Underwriting or Placement Entities (or associated placement entities, where applicable) or the Processing Entities for the Employee Tranche shall charge to the investors' account the amounts corresponding to the shares finally awarded to each one no earlier than the Transaction Date (30 October 2007) and no later than the Settlement Date (2 November 2007) (hereinafter called the "**Settlement Date**", regardless of the provision of funds that may be required of them.

  The Underwriters or Placement Entities (or associated placement entities, if applicable) or the Processing Entities for the Employee Tranche shall pay the amount paid by the investors into the corresponding accounts the Offering Shareholders or the Company have opened in the Agent Entity.

  The Underwriters and Placement Entities (or associated placement entities, if applicable) or the Processing Entities for the Employee Tranche shall jointly guarantee the Company and the Offering Shareholders the broadest possible indemnity regarding whatsoever damages that may arise directly or indirectly from the total or partial breach by the said Entities of their legal or contractual obligations to their clients or to Iberclear, especially resulting from the lack of provision of the required payment means on the date scheduled for the settlement of the transaction.

  The Underwriters shall pay the amount paid by the investors into the corresponding accounts that the Offering Shareholders or the Company have opened in the Agent Entity. Neither the Offering Shareholders nor the Company may dispose of these funds until the effective listing of the shares on the Madrid, Barcelona, Bilbao and Valencia Stock Markets.

- Delivery of the securities

  The definitive award of the shares in all the Tranches shall be made by the Agent Entity on 30 October 2007, coinciding with the Transaction Date.

  On the said date, the Agent Entities shall send the list of the definitive award of the shares to each of the Underwriters of the different Tranches and to each one of the Processing Entities for the Employee Tranche, which shall notify the successful applicants.

  On the Transaction Date, the Agent Entity shall process the necessary allotment of the corresponding register references.

  The perfection of the sale at the price and in accordance with the terms and conditions of the allotment shall be understood as completed on the Transaction Date.

  The payment of the register references corresponding to the shares awarded to each investor shall be made on the Settlement Date.

5.1.10. Full description of the manner and date on which the results of the Offer are to be published

The result of the Offer shall be published through the presentation of the corresponding additional information in the CNMV on the same day on the business day following the Transaction Date.

5.1.11. Procedure for the exercise of any preferential purchase right, the negotiability of the subscription rights and the processing of the subscription rights not upheld

Not applicable.

5.2. Placement and allotment plan

5.2.1. The different categories of possible investors to whom the shares are offered Whether the offer is made simultaneously in the markets of two or more countries and whether a block of shares has been reserved or is going to be reserved for certain countries. If the answer is yes, please indicate the block

This Offer is distributed in various Tranches in accordance with the following.

- Spanish Offer:

  A public offer aimed at the territory of the Kingdom of Spain (and the Principality of Andorra, with regard to the Spanish Tranche for Qualified Investors) to which, initially, 22,041,472 shares are awarded representing 50% of the number of shares included in this Offer (not including the green shoe purchase option), which comprises three Tranches:

  ❖ Retail Tranche:

  This is aimed at the following individuals or entities:

  (i) Individuals or bodies corporate resident in Spain, regardless of their nationality.

  (ii) Individuals or bodies corporate not resident in Spain that are nationals of one of the Member States of the EU or one of the signatory States of the European Economic Space Protocol and Agreement (Member States of the EU plus Iceland and Norway) or the Principality of Andorra, where it may not be understood under any circumstances that the shares corresponding to the Retail Tranche offered as part of a public offer in whatsoever territory or jurisdiction other than the Kingdom of Spain.

  Initially, this Tranche is allotted 13,014,883 shares representing 29.52% of the number of shares included in the Offer (not including the green shoe purchase option). Notwithstanding the foregoing, the number of shares allotted to this Tranche may be modified in accordance with the redistribution between Tranches laid down in section 5.2.3 below.

❖ Spanish Tranche for Qualified Investors:

This is aimed exclusively at qualified investors resident in Spain and the Principality of Andorra as laid down in article 39 of Royal Decree 1310/2005, dated 4 November, regarding the listing of securities on official secondary markets, public offers of sale or subscription and the prospectus requirable for the said intents and purposes.

Initially, this Tranche is allotted 8,816,589 shares representing 20% of the number of shares included in the Offer (not including the green shoe purchase option). Notwithstanding the foregoing, the number of shares allotted to this Tranche may be modified in accordance with the redistribution between Tranches laid down in section 5.2.3 and the exercise of the green shoe purchase option, where applicable, laid down in section 5.2.5. below.

❖ Employee Tranche:

In accordance with the agreements adopted at the General Shareholders' Meting held on 5 September 2007, it was decided to create a tranche in the Offer for the employees in the Fluirdra Group that resided in Spain, France, the United Kingdom, Italy, Portugal, Germany and Austria. The companies in the Group are listed below. Employees that have a permanent or temporary working relationship with any of these companies as of 11 October 2007 and that are still employed on 26 October 2007 will be entitled to enjoy this offer.

SPAIN	
POOL	**WATER**
Auric Pool, S.A.U.	Cepex Holding, S.A.U,
Swimco Corp, S.L.	Astramatic, S.A.U,
Certikin Pool Iberica, S.L.U.	ATH Aplicaciones Tecnicas Hidraúlicas, S,L,
Manufacturas Gre, S.A.	CTX, S.A.U,
Astral Export, S.A.	Cepex Comercial, S.A.U,
Exex Pool, S.L.	Grupsente, S,L,
Meip International, S.L.U.	Inquide, S.A.U,
ID Electroquímica, S.L.	Inquide-Flix, S.A.U,
Industrias Mecanicas Lago, S.A.U.	Servaqua, S.A.U,
Metalast, S.A.U.	Iwerquímica, S,L,U,
Poltank, S.A.U.	SNTE Esp, S,L,U,
Astral Pool España, S.A.U	Waterchem, A,I,E,
Astral Pool Group, S.L.U.	Cepex, S.A.U,
Revicer, S.L.U.	Cepexser, S,L,
Sacopa, S.A.U.	Forplast, S.A.U,

Talleres del Agua, S.A. Togama, S.A. Unipen, S,L, Unistral Recambios, S.A.U, Mercamaster Group, S,L,U, Pool Supplier, S,L,U, Productes Elastomers, S.A. Maberplast, S,L, **OTHERS** Accent Graphic, S,L,U, Fluidra Services, S.A.U, Trace Logistics, S.A.U, Fluidra, S.A.	Irrigaronne, S.A.S, Manufactures de Plastics Solà, S.A.U. Master Riego, S.A. Vàlvules i Racords Canovelles, S.A.
<u>FRANCE</u>	
POOL Europeenne de Couverture Automatiques, S.A.R.L. Hydroswim International S.A.S Astral Piscine SAS SAS Pacific Industrie **OTHERS** Dispreau G.I.E	**WATER** Airria-Irrivert, SAS Societe Nationale des Traitement des Eaux, S.A.S CTX Piscine S.A.R.L. Cepex Francia, SAS CFI Environnement, S.A.R.L. Irrigaronne, S.A.S.
<u>UK</u>	
POOL Certikin International, LTD Astral UK LTD	
<u>ITALY</u>	
POOL Astral Italia SPA	**WATER** CTX Chemicals, SRL Cepex Italia, SRL
<u>PORTUGAL</u>	
POOL Marazul LDA	**WATER** Aquambiente, S.A. Cepex Portugal, LDA

GERMANY	
POOL Astral Pool Deutschland, Gmbh MTH-Moderne Wasertechnick AG	**WATER** Cepex GMBH
AUSTRIA	
POOL Schwimmbad-Sauna-Ausstattungs, GMBH	

This Tranche shall be initially allotted 210,000 existing shares corresponding to the Public Offer for Sale (0,48% of the initial volume of shares of the Offer), a number that may be modified in accordance with the faculties for redistribution between Tranches referred to in section 5.2.,3 below in this Securities Note.

With regard to the shares included in this Tranche, the Company shall purchase the above-mentioned shares from the Offering Shareholders on the Date of the Transaction at the Retail Offer Price by means of a special stock exchange transaction for their immediate resale (through a special stock exchange transaction on the same day) to the Employees to whom they have been allotted. They will be entitled to the discount for this Tranche as laid down in this Securities Note for the Employees who are entitled to them Consequently, the Company shall not receive any revenue whatsoever from the Offer and shall absorb the cost of the discount for the Employee Tranche.

- <u>International offer:</u>

  An offer aimed at the territory of the Kingdom of Spain (International Tranche) to which, initially, 22,041,471 shares are awarded representing 50% of the number of shares included in this Offer (not including the green shoe purchase option): Notwithstanding the foregoing, the number of shares allotted to this Tranche may be modified in accordance with the redistribution between Tranches laid down in section 5.2.3 and the exercise of the green shoe purchase option laid down in section 5.2.5, below.

  This Offer shall not be subject to registration in whatsoever jurisdiction other than that of Spain. In particular, it is hereby recorded that the shares included in this Offer have not been registered under the United States Securities Act of 1933 (hereinafter called the "**US Securities Act**") or approved or rejected by the "Securities Exchange Commission" or whatsoever authority or agency belonging to the USA. Therefore, this Offer is not aimed at individuals from the United States, as they are defined under "Regulation S" of the US Securities Act, except in the cases in which it is allowed in accordance with "Rule 144A" of the US Securities Act.

In this Prospectus, the International Tranche and the Spanish Tranche for Qualified Investors may jointly be referred to as the "**Tranches for Qualified Investors**".

5.2.2. As far as the issuer is aware, indicate whether the main shareholders or members of the administrative, management or supervisory bodies of the issuer have proposed to subscribe to the Offer, or whether any person has proposed to subscribe to more than five per cent of the Offer

On the date of this Prospectus, the Company is not aware of the existence of any person wishing to apply for the purchase of more than 5% of the Offer. However, the Company wishes to state that there may be allotments of shares for more than 5% of the Offer.

5.2.3. Preliminary information about the allotment

a) Division of the offer in tranches, including the institutional tranches, retail and employees of the issuer and other tranches

Tranche	Number of shares (1)	Initial percentage of the offer
Retail	13,014,883	29,520%
Spanish for Qualified Investors	8,816,589	20%
Employees	210,000	0,48%
International	22,041,471	50 %

(1) Without taking into account the exercise of the green shoe purchase option,

b) Circumstances under which the size of the Offer may be reduced

Fluidra, in agreement with the Global Coordinating Entities, will decide on the final size of the Offer of each and every Tranche, in accordance with the following rules:

- Before setting the Maximum Retail Price, the number of shares included in the Offer may be reduced –although the number of shares included in the Offer may not under any circumstances give rise to a free float below 25% of the Company's share capital– according both to the number of shares initially offered by each of the Offering Shareholders and to the shares allotted to each Tranche. In this event, Fluidra shall (i) immediately submit the relevant addendum to the Note on the Shares for approval by the CNMV; and (ii) publicise the decision through the same medium as the Prospectus.

It is hereby stated that in the event of not reaching the above-mentioned 25% of free float, the Offer would be revoked in all its terms.

In the event that the Offer should be reduced to a free float of 25% of the company's share capital, the Company expressely undertakes not to buy portfolio shares within the term of one year since admission to trading of the Company shares.

- Should there be a reduction in the number of shares offered under the Offer after the fixing of the Maximum Retail Price and before the fixing of the Offer Price, the following requirements must be met: (i) the said reduction may include up to 4,898,106 shares; (ii) the decision must be publicised through the same medium as the Prospectus; and (iii) Fluidra must notify CNMV of the decision through a 'relevant fact' (*hecho relevante*) no later than the working day following the adoption of the decision, and open a revocation period so that the applicants that have placed purchase mandates or requests may revoke them in their entirety. Where appropriate, said relevant fact must include a new calendar for the Offer from that date.

This unique period designed for the revocation of Mandates and Requests will last for three working days from notification of the decision to the CNMV through a relevant fact, as stated above.

Any reduction in the size of the Offer must be notified to the CNMV within the same day as it occurs or on the following working day.

c) Conditions under which the tranches may be reallotted, maximum volume of the said reallotment and, where applicable, minimum percentage for each tranche

After notifying the Global Coordination Entities, Fluidra shall be responsible for determining the final size of each and every one of the Tranches that make up the Offer, as well as the adoption of all the decisions concerning reallotment between Tranches, in accordance with the following rules:

- Before setting the Maximum Retail Price, the volume of shares initially allotted to the Retail Tranche may vary.
- Under no circumstances may the Retail Tranche or the Employee Tranche be reduced if it involves excess demand, unless the number of shares included in the Offer is also reduced, in accordance with the provisions set out in section b) above.
- The Employee Tranche may be extended, if there is excess demand up to 90,000 additional shares, taken from the Qualified Investors Tranche, even if there is an over-demand in this trache. However, should the Mandates made in the Employee

Tranche be insufficient to cover all the shares initially allotted to the said Tranche, the excess shares shall be automatically allotted to the Retail Tranche. This measure for the transfer of shares to the Retail Tranche shall take place, where applicable, no later than 29 October 2007.

- At any time prior to the final allotment, the volume allotted to the Retail Tranche may be increased in the case of excess demand in the said tranche, by reducing the global volume allotted to the Tranches for Qualified Investors, even though there has been an excess demand in the said tranches. The volume of shares initially assigned to the Retail Tranche may be freely increased up to the date on which the Retail Tranche Underwriting and Placement Agreement is signed, in other words, 23 October 2007 and, as from the said date to the maximum of the green shoe purchase option applicable at the time.

- Should the Retail Tranche not be covered, the excess shares may be reallotted to the Tranches for Qualified Investors. This reallotment to the Tranches for Qualified Investors shall be completed, where applicable, as decided by the Company, after notifying the Global Coordination Entities, in order to satisfy the excess demand of the said Tranches.

- Shares may be redistributed freely between the Qualified Investors Tranches until the definitive allotment of shares to the said Tranches.

Whatsoever reallotment of shares between Tranches shall be reported to the CNMV on the day it is carried out or on the next business day.

The final volume of shares allotted to the Retail Tranche and the Employee Tranche shall be set no later than 29 October 2007.

The volume of shares finally allotted to the Qualified Investors Tranches in the Offer (excluding the shares corresponding to the purchase option laid down in section 5.2.5.) shall be set on 30 October 2007, after the term for confirmation of Proposals in the said Tranches and before the final allotment. This shall be included in additional information to this Prospectus immediately after it has been carried out.

The redistribution of shares between the different Tranches referred to herein shall be carried out within reasonable limits so as not to substantially alter the configuration of the Offer.

d) Method(s) of allotment that must be used for the Retail Tranche and the tranche for the issuer's employees in the event of over-subscription of the said tranches

Pro rata in the Retail Tranche

For the intents and purposes of the pro rata laid down in this section, the purchase Applications in euros shall be converted into purchase Applications in number of shares, dividing the former by the Maximum Retail Price, Fractions shall be rounded down.

As the Retail Price is not to be set until the day before the allotment, the use of the Maximum Retail Price is necessary for the pro rata transactions, sufficiently in advance, and the allotment based on an objective scale that is non-discriminatory for investors.

Should the purchase Applications in the Retail Tranche, formulated during the Mandate Formulation Period or the Period for Applications that are binding for purchases, exceed the volume of shares allotted to the Retail Tranche, the pro rata between the purchase Applications shall be applied in accordance with the following principles:

i. For the intents and purposes of the pro rata, only the Mandates not revoked or cancelled and the Applications not cancelled shall be taken into account.

ii. Mandates shall be given preference over Applications in the allotment, Consequently, the number of shares allotted to the Retail Tranche shall first of all be used to satisfy the shares applied for on the basis of Mandates. Only when all the Applications based on Mandates have been attended shall the excess shares be used to satisfy the shares applied for on the basis of Applications.

iii. For the intents and purposes of the allotment, when each and every one of the Applicants coincide on several purchase Applications based on Purchase Mandates, they shall be added together to form one single purchase subscription, The number of shares allotted to the Mandate or Mandates, considered as an aggregate, shall be distributed proportionally among the affected Mandates.

iv. In the case where the Applications based on Mandates exceed the volume of shares allotted to the Retail Tranche, the Applications based on requests shall not be considered, as indicated in paragraph (ii) above and, therefore, each and every one of the Mandates shall be allotted a number of shares that is equal to the whole number, rounded down, resulting from dividing 1,500 euros (minimum subscription in the Retail Tranche) by the Maximum Retail Price ("**Minimum Number of Shares**").

    Should the number of shares allotted to the Retail Tranche not be sufficient to allocate the Minimum Number of Shares to all the Mandates, the said allotment shall be carried out by draw, in accordance with the following rules:

    - Choice of a letter, according to draw held in the presence of a notary public.
    - Alphabetic ordering of all the Mandates, based on the content of the first position in the "Name and Surnames or Company Name" field, whatever the content of the 40 positions of the said field in the file according to Circular 857 of the Spanish Banking Association (AEB), form Notebook 61 Annexe 1 of 120 positions, sent to the Agent Entity by the Placement or Underwriters. Should there be investors whose personal details coincide according to the information sent, they shall

be ordered in order of the amount of their Mandates, from largest and smallest, and in the case of co-ownerships, the first owner appearing on the first subscription found shall be taken.

- Allotment of the Minimum Number of Shares to the subscription on the list obtained in the above paragraph, whose first position in the "Name and Surnames or Company Name" field coincides with the letter resulting from the draw. From this subscription and continuing with the following, in the order of the list, until the shares allotted to the Retail Tranche are used up. Should there the an insufficient number of shares to allocate the Minimum Number of Shares to the last Applicant to whom the shares are allotted, according to the alphabetic draw, the remaining shares shall not be allotted to the said Applicant, but rather the said shares shall be distributed between the purchase subscriptions to which shares are allotted by alphabetical order, in accordance with the "Name and Surnames or Company Name" field, beginning with the same letter as that which was pulled out of the draw and in the same order, allocating the remaining shares to the first Applicant up to where the corresponding subscription reaches and continuing, if necessary, in the order of the draw until the complete distribution of the rest.

v. In the case where, in accordance with the first and second paragraphs of section (iv) above, it has been possible to allocate the Minimum Number of Shares to all the Mandates, the excess shares shall be allotted proportionally to the unsatisfied volume of the Mandates. Accordingly, the number of shares pending allotment shall be divided by the total volume of unsatisfied demand in the Retail Tranche in the form of Mandates.

As general rules for this pro rata:

- Fractions in the allotment shall be rounded down in order to give an exact number of shares to be allotted.

- The percentages to be used for the proportional allotment shall also be rounded down up to three decimal figures (e.g. 0.78974 shall be rounded down to 0.789).

vi. If, after the application of the pro rata laid down in section (v) above, there are unallotted shares resulting from the rounding down effect, they shall be distributed one by one, based on the amount of the subscription in order of highest to lowest and, in the case of equality, in alphabetical order of the Applicants based on the first position of the "Name and Surnames or Company Name" field, regardless of the content thereof (investors whose personal details coincide as per the information sent shall be ordered based on the amount of their Mandates in order of highest to lowest and, in the case of co-ownership, the first owner appearing on the first subscription found shall be used, based on the letter resulting from the draw held in the presence of a notary public).

vii. If the purchase subscriptions based on Mandates have been fully satisfied, the excess shares shall be allotted to the Subscriptions (purchase subscriptions not based on Mandates) as follows:

- For the intents and purposes of the allotment, when each and every one of the Applicants coincide on several Subscriptions, they shall be added together to form one single Subscription. The number of shares allotted to the Subscription or Subscriptions, considered as a joint subscription, shall be determined proportionally between the affected Subscriptions.

- If the Subscriptions exceed the volume of shares pending allotment, the Minimum Number of Shares shall be first of all allotted to each and every one of the said Subscriptions.

- If the number of shares pending allotment is insufficient for allocating the Minimum Number of shares referred to in the above paragraph, the Minimum Number of Shares shall be allotted to the Subscriptions through an allotment by draw in accordance with the rules laid down in section 2 of section (iv) above.

- In addition, if, after completing the allotment of the Minimum Number of Shares to all the Subscriptions, there are Subscriptions not fully satisfied, a pro rata shall be applied, where necessary, in accordance with the rules laid down in sections (v) and (vi) above.

The pro rata laid down in this section shall be applied by the Agent Entity no later than 24:00 on 29 October 2007.

The following is an example of a pro rata. It is hereby recorded that this is a mere example and that its result is not significant of what may occur in reality, taking into account, above all, that the said result shall depend in each case on different variables, the most sensitive of which is the actual number of subscriptions and that, in whatsoever case, the rules to be applied shall be as indicated above.

Example of pro rata in the Retail Tranche

Number of Shares allotted to the Retail Tranche: 13,014,883

Maximum Retail Price: € 7 per share

Minimum request: 1,500 euros

Minimum number of shares: 214

The examples are made on the basis that the following has been carried out beforehand:

- *Control of compliance with the requirements applicable to the Mandates and Subscriptions.*

- *Control of the number of Purchase Mandates not revoked under the co-ownership system, eliminating those formulated by the same investor due to excess of the corresponding limit (2 applications).*
- *The elimination of excesses over the maximum amount to be applied for (€60,000),*
- *The aggregation of the Mandates and Subscriptions in which each and every one of the investors coincide.*

1) *If the offer is covered during the Period of Mandates:*

Case A:

Nº applications	*Applications in €*	*Shares per application*	*Total Shares Requested*
100,000	*1,500*	*214*	*21,400,000*
80,000	*3,000*	*428*	*34,240,000*
50,000	*6,000*	*857*	*42,850,000*
35,000	*12,000*	*1,714*	*59,990,000*
10,000	*30,000*	*4,285*	*42,850,000*
275,000			*201,330,000*

Initial allotment:

Shares Tranche/Total Number Mandates = 13,014,883/275,000= 47 shares

Given that the initial allotment (47 shares) is less than 214 shares per application, the applications shall be ordered alphabetically based on the contents of first position of the "Name and Surnames or Company Name" field, regardless of the content of the forty positions of the said field of the file, according to Circular 857 of the Spanish Bank Association (AEB), format "Cuaderno 61", Annex 1 od 120 positions, sent to the Agent Entity by the Underwriters (if there are investors whose personal details coincide as per the information sent, they shall be ordered based on the amount of their Mandates, in order of highest to lowest, and, in the case of co-ownership, the first owner appearing on the first application found shall be used) and 214 shares shall be allotted to each Mandate, based on the letter drawn from the draw made in the presence of a notary public until the number of Shares allotted to the Retail Tranche runs out. If, after the said allotment, there are insufficient Shares for allocating 214 shares to the last applicant to whom Shares were allotted, in accordance with the alphabetical draw made, the said shares shall not be distributed to such last applicant, but they will be distributed among the purchase applications to which Shares have been allotted in alphabetical order, in accordance with the "Name and Surnames or Company Name" field, beginning with the same letter as that which has been pulled out of the draw and following the same order, allotting the rest to the first applicant up to the point where his application reaches and, where applicable, continuing in the order of the draw until the rest has been fully distributed.

Case B:

Nº applications	*Applications in €*	*Shares per application (Euros / P. Max)*	*Total Shares Requested*
35,000	*1,500*	*214*	*7,490,000*
15,000	*3,000*	*428*	*6,420,000*

5,000	*6,000*	*857*	*4,285,000*
2,000	*12,000*	*1,714*	*3,428,000*
1,500	*30,000*	*4,285*	*6,427,500*
			28,050,500

Initial Allotment:

Initial allotment: Shares Tranche / Total Number of Mandates = 13,014,883 / 58,500=222 shares.

Given that the Initial Allotment is higher thatn 214 Shares, a fixed initial allotment of 214 shares to each Application is performed.

Nº applications	***Applications in €***	***Minimum shares per application***	***Total Shares allotted***
35,000	*1,500*	*214*	*7,490,000*
15,000	*3,000*	*214*	*3,210,000*
5,000	*6,000*	*214*	*1,070,000*
2,000	*12,000*	*214*	*428,000*
1,500	*30,000*	*214*	*321,000*
			12,519,000

Unsatisfied demand

Nº Applications	***Applications in Euros***	***Shares for each unsatisfied application***	***Total Shares requested and not allotted***
35,000	*1,500*	*0*	*0*
15,000	*3,000*	*214 (428-214)*	*3,210,000*
5,000	*6,000*	*643 (857-214)*	*3,215,000*
2,000	*12,000*	*1,500(1,714-214)*	*3,000,000*
1,500	*30,000*	*4,071(4,285-214)*	*6,106,500*
			15,531,500

Excess shares after the fixed initial allotment: = 13,014,883 – 12,519,000 = 495,883

Total Unsatisfied Demand: 15,531,500 shares

Proportional Allotment (Coefficient): 495,883 /15,531,500= 3.1%%

To each of the Applications formulated for more than 214 shares, the following shall be allotted:

Unsatisfied demand	***Coefficient***	***Shares Allotted***
214	3.1%	*6*
643	3.1%	*19*
1,500	3.1%	*46*
4,071	3.1%	*126*

Nº of Applications	***Shares per Application***	***Shares Allotted***
15,000	*6*	*90,000*
5,000	*19*	*95,000*
2,000	*46*	*92,000*
1,500	*126*	*189,000*
		466,000

Total Shares allotted using the proportional criterion: 466,000

Excess shares after the proportional allotment as a result of the rounding down effect:

29,883(495,883-466,000))

If, after the application of the pro rata, there are unallotted shares resulting from the rounding down effect, they shall be distributed one by one, based on the amount of the subscription in order of highest to lowest and, in the case of equality, in alphabetical order of the Applicants based on the first position of the "Name and Surnames or Company Name" field, regardless of the content of the forty positions thereof (investors whose personal details coincide as per the information sent shall be ordered based on the amount of their Mandates in order of highest to lowest and, in the case of co-ownership, the first owner appearing on the first subscription found shall be used, based on the letter resulting from the draw held in the presence of a notary public),

Global Allotment per Subscription

Nº applications	***Applications in €***	***Minimum shares per application***	***Total Shares allotted***
2,617	*1500*	*214*	*6,124,038*
*6,383**	*1500*	*215*	*1,372,345*

15,000	*3,000*	*221*	*3,315,000*
5,000	*6,000*	*234*	*1,170,000*
2,000	*12,000*	*261*	*522,000*
1,500	*30,000*	*341*	*511,500*
			13,014,883

(*) The remaining 29,883shares shall be allotted one by one to the applications based on the amount in order of highest to lowest. In other words, 1,500 shares to the applications for 30,000, 2,000 shares to the applications for 12,000, 15,000 shares to the applications for 3,000, 6,383 shares to the applications for 1,5000. The remaining 28,617 applications shall not receive whatsoever supplementary share.

2) If the offer is not covered during the Period of Mandates:

Nº applications	***Applications in €***	***Minimum shares per application***	***Total Shares allotted***
10,000	*1,500*	*214*	*2,140,000*
8,000	*3,000*	*428*	*3,424,000*
6,000	*6,000*	*857*	*5,142,000*
1,000	*12,000*	*1,714*	*1,714,000*
			12,420,000

Shares Tranche-Shares allotted = 13,014,883-12,420,000 =594,883

These 594,883shares shall be allotted to the Purchase Applications, applying a pro rata system, where necessary, with the same criterion and in the same way as the Purchase Mandates

Pro rata in the Employee Tranche

Should the non-revoked, non-annulled Purchase Mandates of the Employees' Tranche exceed the volume of shares allotted to this Tranche, a pro rata will take place in accordance with the principles set forth below.

In order to carry out the pro rata mentioned herein, any purchase applications expressed in euros will be transferred into purchase applications expressed in numbers of shares, dividing the former by the Maximum Retail Price reduced by 20% (rounding up or down to the closest euro cent). In cases of fractions, numbers will be rounded up or down by default.

As in the case of the Retail Tranche, as the Retail Price is not fixed until the day prior to the allotment, it is necessary to use the Maximum Retail Price reduced by 20% (rounding up or down to the closest euro cent) to carry out sufficiently in advance the operations of pro rata and allotment based on an objective, non-discriminatory benchmark for the Employees applying for shares.

(i) Firstly, to each and every one of the non-revoked, non-annulled Purchase Mandates formulated within this Tranche, a number of shares will be linearly allotted that is equivalent to the whole number, which is rounded up or down by default, This number is reached by dividing 500 euros (minimum request in the Employees' Tranche) by the Maximum Retail Price reduced by 20% (the "**Minimum Number of Shares in the Employee Tranche**").

In the event that the number of shares reserved for the Employee Tranche were not sufficient to allot the Minimum Number of Shares in the Employee Tranche to all Purchase Mandates, the aforementioned said allotment will be done by a draw under the same rules as those described in section 5.2.3. (c) (iv) above in this Securities Note regarding the pro rata of the Retail Tranche.

(ii) Should it have been possible for the allotment of the Minimum Number of Shares in the Employee Tranche to all the Purchase Mandates to take place, the remaining shares will be allotted proportionately to the volume not satisfied by the Purchase Mandates. To such end, the number of shares pending allotment will be divided by the total volume of demand not satisfied by the Employee Tranche, by applying to this pro rata the same rules as those described in section 5.2.3. (c) (v) above of this Securities Note regarding the pro rata of the Retail Tranche.

(iii) If subsequent to the application of the pro rata referred to in paragraph (ii) above there were non-allotted shares due to the effect of the rounding up or down, these will be distributed one by one, from greater to lesser quantity of the request and, where they are the same, in alphabetical order of the applicants, taking the first position of the field "Name and Surnames or Company Name", whatever this may be (should there be several investors whose personal details coincide according to the information provided, these will be put in order from greater to lesser amount of the Mandates, starting from the letter which is drawn before a notary public.

The pro rata described in this section will be carried out by the Agent Entity no later than 24:00 hours, Madrid time, on 29 October 2007.

For illustrative purposes, an example of the pro rata is described below. It should be highlighted that this is a mere example and that its results are not significant of what might happen in reality, particularly bearing in mind the fact that said result will depend in each case on several variables amongst which the most significant is the actual number of purchase applications.

Example of pro rata in the Employee Tranche

Nº of shares allotted to the Retail Tranche: 210,000

Maximum Retail Price: 5.60% per share (€7 – €1.4)

Minimum application: €500

Minimum number of shares: 89

The examples are based on the assumption that the following steps have been carried out:

– It has been ensured that all requirements applicable to Mandates have been fulfilled.

– The surplus on the maximum amount to be applied for (€45,000) has been eliminated.

– The joining of any Mandates where each and every investor are the same.

1) The offer is covered in the Mandate Period and the first minimum number of Shares cannot be satisfied:

Case A:

Number of applications	Applications in euros	Shares per application	Total shares requested
1,500	*500*	*89*	*133,500*
700	*3,000*	*535*	*374,500*
250	*6,000*	*1071*	*267,750*
100	*12,000*	*2142*	*214,200*
50	*30,000*	*5357*	*267,850*
			1,257,800

Initial Allotment:

Shares Tranche/Total Number of Mandates = 210,000 / 2,600 = 80 Shares

Given that the initial allotment (80 sahres) is less than 89 shares per application, the applications shall be ordered alphabetically based on the contents of first position of the "Name and Surnames or Company Name" field, regardless of the content of the forty positions of the said field of the file, according to Circular 857 of the Spanish Bank Association (AEB), format "Cuaderno 61", Annex 1 od 120 positions, sent to the Agent Entity by the Underwriters (if there are investors whose personal details coincide as per the information sent, they shall be ordered based on the amount of their Mandates, in order of highest to lowest, and every Mandate will be allotted 89 shares, beginning on the letter drawn from the draw made in the presence of a notary public until the number of Shares allotted to the Retail Tranche runs out. If, after the said allotment, there are insufficient Shares for allocating 89 shares to the last applicant to whom Shares were allotted, in accordance with the alphabetical draw made, the said shares shall not be distributed to such last applicant, but they will be distributed among the purchase applications to which Shares have been allotted in alphabetical order, in accordance with the "Name and Surnames or Company Name" field, beginning with the same letter as that which has been pulled out of the draw and following the same order, allotting the rest to the first applicant up to the point where his application reaches and, where applicable, continuing in the order of the draw until the rest has been fully distributed.

2) <u>If he offer is covered in the Mandate Period and the First Minimum Number of Shares can be allotted</u>:

Number of applications	Applications in euros	Shares per application	Total shares requested
800	*500*	*89*	*71,200*
700	*3,000*	*535*	*374,500*
250	*6,000*	*1071*	*267,750*
100	*12,000*	*2142*	*214,200*
50	*30,000*	*5357*	*267,850*
1 900			*1,195,500*

Initial Allotment:

Shares Tranche / Total Number of Mandates = 210,000/1900 = 233 shares

Given that the initial allotment is of more than 89 shares, each Application is initially allotted 89 shares.

Number of applications	Applications in euros	Shares allotted per application	Total shares allotted linearly
800	*500*	*89*	*71,200*
700	*3,000*	*89*	*62,300*
250	*6,000*	*89*	*22,250*
100	*12,000*	*89*	*8,900*
50	*30,000*	*89*	*4,450*
1 900			*169,100*

Unsatisfied Demand

Number of applications	Applications in euros	***Unsatisfied shares per application***	***Total shares requested but not satisfied***
800	*500*	*0*	*0*
700	*3,000*	*446 (535-89)*	*312,200*
250	*6,000*	*982 (1071- 89)*	*245,500*
100	*12,000*	*2 053 (2142- 89)*	*205,300*

Number of applications	Applications in euros	*Unsatisfied shares per application*	*Total shares requested but not satisfied*
50	*30,000*	*5,268 (5357- 89)*	*263,400*
1 900			*1,026,400*

Shares remaining after initial fixed allotment: 210,000 – 169,100

Total Unsatisfied Demand: 1,026,400 shares

Proportional Allotment (Coefficient): 40,900 / 1,026,400 = 3.9%

Each application for more than 68 shares will be allotted:

Unsatisfied demand	Coefficient	Allotted shares (1)
446	*3.9%*	*17*
982	3.9%	*38*
2 053	3.9%	*80*
5 268	3.9%	*205*

Number of applications	Shares per application	Allotted shares
700	*17*	*11,900*
250	*38*	*9,500*
100	*80*	*8,000*
50	*205*	*10,250*
		39,650

Total number of Shares allotted by means of proportional criteria: 39,650

Shares remaining after proportional allotment by rounding up/down:1,250

If, after applying the pro rata there are shares not allotted as a result of the rounding up/down, as is the case, they shall be distributed one by one in decreasing order of the amount of the application and, if equal, in alphabetical order of the applicants, beginning from the first position of the "Name and Surname(s) or Company Name" field, whatever the contents of the forty positions of this field (if there are investors whose personal details coincide according to the information sent, they shall be ordered in decreasing order on the basis of the amount of their Mandates as from the letter resulting from the draw made before a notary public).

Overall Allotment per Application:

Number of applications	Applications in euros	Shares per application	Allotted shares
650	*500*	*89*	*57,850*
*150**	*500*	*90*	*13,500*
700	*3,000*	*107*	*74,900*
250	*6,000*	*128*	*32,000*
100	*12,000*	*170*	*17,000*
50	*30,000*	*295*	*14,750*
			210,000

The 1,250 remaining shares shall be allotted one by one to the applications in decreasing order of amount. That is 50shares to applications of €30,000.100,12,000.250 shares to applications of €6,000, 700 shares to applications of €3,000, 150 shares to applications of 500 and the remaining 650 will not receive any additional shares.

b) Description of any kind of predefined preferential treatment for certain categories of investor or certain similar groups (including friends and family programmes) in the allotment, the percentage of the offer that is reserved for this preferential treatment and the criteria for inclusion in these categories or groups.

There is no preferential treatment in the allotment of shares in the Offer for vendor investors.

c) Whether or not the processing of the subscriptions or subscription offers in the allotment depends on the company carrying them out or on the company through which they are carried out

There is no difference in the processing of purchase subscriptions regarding the entity in which they are processed.

d) Minimum allotment quantity, where applicable, in the Retail Tranche

See section e) above on the pro rata in the Retail Tranche and in the Employee Tranche.

e) Conditions for the close of the Offer as well as the earliest date on which the Offer can be closed

Section 5.1.3, above describes the dates for the close of the Offer periods.

f) Whether multiple subscriptions are accepted and, if not, how multiple subscriptions are processed

Only the Retail Tranche accepts purchase requests placed under the co-ownership system.

Notwithstanding the foregoing, the same person may not place more than two subscriptions in conjunction with other persons using different forms of co-ownership. In other words, subscriptions may not be made in such a way that the same person appears in more than two joint subscriptions. Accordingly, when each and every one of the Applicants coincide in several purchase subscriptions, they shall be added together in order to control maximum limits, forming one single subscription that shall be considered as such. If the same person places more than two subscriptions jointly, the subscriptions made jointly shall be cancelled for all intents and purposes, maintaining only the subscription or subscriptions made individually.

Consideration shall be given to the Mandates and the Subscriptions for the limit of the two subscriptions mentioned above.

Notwithstanding the foregoing, if the number of shares corresponding to the revoked Mandates made during the Purchase Mandate Formulation Period exceeds the number of shares allotted to the Retail Tranche, consideration shall be given only to the aforementioned Mandates for the limit of the two subscriptions mentioned above, without considering the Subscriptions received.

The limit to the number of subscriptions that may be made using different forms of co-ownership does not depend on the maximum investment limit laid down in section **5.1.6**.

5.2.4. Process of informing the applicants of the amount allocated and indication of whether trading can commence prior to the notification

The definitive allotment of the shares in all the Tranches shall be made by the Agent Entity on 30 October 2007, coinciding with the Offer Transaction Date.

On the said date, the Agent Entities shall send the list of the definitive award of the shares to each of the Underwriters, which shall notify the successful applicants.

The allotment shall be made before the listing of the shares and the Underwriters shall notify the successful Applicants of the said allotment also within the following three business days.

5.2.5. Over-allotment and green shoe

a) The existence and volume of any over-allotment and/or green shoe mechanism

The volume of the Offer allocated globally to the Qualified Investors Tranches may be increased up to 4,898,106 shares by joint decision of the Global Coordination Entities, acting on behalf of and on the account of the Underwriters of the Qualified Investors Tranches, through the exercise of the purchase option (and option internationally known as a "green shoe") that certain Offering Shareholders intend to award to the said Entities by virtue of the Underwriting and Placement Agreements for the Qualified Investors Tranches. This purchase option is awarded to freely attend the excess demand in the said Tranches. The application of the said option shall be notified to the CNMV, for its publication, on the date on which it occurs or the next business day with the corresponding details, including, in particular, the date of the application of the option and the number and nature of the shares affected.

The said purchase option shall affect up to a maximum of 4,898,106 shares in Fluidra owned by the Offering Shareholders as per section 7 below.

The purchase price of the shares in Fluidra in the case of the application of the green shoe option shall be equal to the Price of the Qualified Investors Tranche of the Offer.

b) Period of existence of the over-allotment and/or green shoe option

The purchase option shall be applicable, in one or more times, fully or partially, on the date on which the shares are listed (scheduled for 31 October 2007) or within the term of 30 calendar days after the said date.

c) Any condition for the use of the over-allotment or green shoe option

The purchase option may be accompanied by a securities loan to cover the over-allotments made, where applicable, by the Underwriters to satisfy the possible excess demand occurring in the Offer. The said loan would be awarded, where applicable, by any one or more of the Company's shareholders to the Global Coordination Entities or to the entity which is designated by mutual agreement between Fluidra and the Global Coordination Entities, on the account of the Underwriters of the Qualified Investors Tranches and it would cover a maximum number of shares equal to the number of shares covered in the aforementioned purchase option. The said securities loans usually have a term similar to that of the green shoe option. The debit position of the securities assumed by the underwriting syndicates is usually covered through the purchase of the said securities in the Stock Exchange, which could favour, where applicable, the stabilisation of the share price or, directly, the application of the green shoe purchase option.

There is no condition whatsoever for the application of the green shoe purchase option.

5.3. Prices

5.3.1. Indication of the price at which the securities will be offered. When the price is unknown or when there is not an established and/or liquid market for the securities, indicate the method for the determination of the Offer price, including a statement on who has set the criteria or is formally responsible for the determination thereof. Indication of the

<u>amount of all expenses and taxes charged specifically to the subscriber or purchaser</u>

- <u>Indicative and non-binding price range:</u>

  For the sole intent and purpose of the investors having a reference for the formulation of their purchase subscriptions, the Company, by mutual agreement with the Global Coordination Entities, and approved by Fluidra and the Lead Entities has established an indicative and non-binding price range for the Company's shares covered by this Offer, of between 6.22 and 7.55 euros per share (hereinafter called the "**Price Range**").

  The Price Range implies allocating a stock exchange capitalisation or market value for the total number of its shares to the Company of between approximately 700,552,000 and 850,349,000 million euros, which based on the consolidated financial statements of 31 December 2006 according to the EU-IFRS means that the PER is between 25.50 and 30.95.

  It is hereby expressly recorded that the Price Range has been set by Fluidra by mutual agreement with the Global Coordination Entities, where no independent expert has assumed whatsoever responsibility for the valuation of the shares in Fluidra resulting from the said Price Range. The said Price Range has been established in accordance with company valuation procedures generally accepted by the market for this type of transaction (including company value/EBITDA and cash flow discount) and taking into account the Company's own circumstances and characteristics and the current situation of the international financial markets.

  It is hereby recorded that the final price or prices of the shares covered by the Offer may not be included in the aforementioned Price Range.

- <u>Maximum Retail Price:</u>

  The Maximum Retail Price shall be set on 23 October 2007 by mutual agreement between Fluidra—and approved by Fluidra and the Lead Entities—acting on behalf of the Offering Shareholders, and the Global Coordination Entities. The Maximum Retail Price shall be the amount paid by the subscribers of shares in the Retail Tranche as a maximum for each share allotted to them and it shall be taken into account for the intents and purposes of the pro rata in this Tranche and the pro rata in the Employee Tranche.

- <u>Price of the Qualified Investors Tranche:</u>

  The Price of the Qualified Investors Tranche of the Offer shall be set by the Company, acting on behalf of the Offering Shareholders, by mutual agreement with the Global Coordination Entities—and approved by Fluidra and the Lead Entities—on 29 October 2007, after the Period of Prospection of the Demand for the Qualified Investors Tranches and after assessing the volume and quality of the demand and the market situation.

- <u>Retail Price and Sale Price for Employees:</u>

  The Retail Price of the Offer shall be the lowest of the following prices: (i) the Maximum Retail Price and (ii) the Price of the Qualified Investors Tranche of the Offer.

  As described in section 5.1.3. above in this Securities Note, "Placement Procedure of the Employee Tranche", the Employee Sale Price shall be the Retail Price of the Offer with a discount of 20% (by default rounded up or down to the nearest euro cent).

  The Price of the Qualified Investors Tranche of the Offer may be higher than the Maximum Retail Price, in which case there shall be three different prices for the shares included in the Public Offer: (i) the Retail Price (for the shares in the Retail Tranche) and (ii) the Price of the Qualified Investors Tranche (for the shares in the Qualified Investors Tranches) and (iii) the Price for Employees (for the shares in the Employee Tranche).

- <u>Indication of the amount of all expenses and taxes charged specifically to the subscriber or purchaser:</u>

  The amount repaid by those to whom the shares are allotted shall be exclusively the price thereof, as long as the purchase subscriptions are formulated exclusively through Underwriters or Placement Entities of the Retail Tranche or the Tranche for Qualified Investors, the Processing Entities for the Employee Tranche or Associated Placement or Processing Entities, whatever the case may be.

  Expenses shall not accrue on the account of those to whom the shares are allotted for their registration in name of the said parties in the books maintained by the Participating Entities. Notwithstanding the foregoing, the said Participating Entities may establish, in accordance with current legislation, the corresponding commissions and expenses they freely determine for the administration of securities or the maintenance thereof in their books.

5.3.2. <u>Disclosure process of the Offer price</u>

The Retail Price of the Offer, the Sale Price for Employees and the Price of the Qualified Investors Tranche of the Offer shall be notified to the CNMV on 29 October 2007 or on the following business day, through a "*hecho relevante*" notification, which must include a reference to the demand in the Qualified Investors Tranche at the average price of the indicative range and at the final price.

5.3.3. <u>If the holders of the issuer's shares have preferential purchase rights and this right is limited or suppressed, indicate the basis of the issue price if this is monetary, together with the reasons and the beneficiaries of this restriction or suppression.</u>

Not applicable.

5.3.4. <u>A comparison of the public contribution to the proposed public offer and the actual cash contributions of these persons must be included in</u>

cases where there has been or could have been a large disparity between the public offer price and the real cash cost for the members of the administrative, management or supervisory bodies, or top executives or affiliated persons, of the securities acquired by them in operations that have taken place over the previous year or where they have the right to acquire

As part of the WATER division acquisition, in the resolution of the General Meeting of Shareholders of the 30th March 2006, it was agreed to increase the company's share capital (through non-financial contributions) by 90,302,932 euros by issuing:

(i) 20,264,311 Category A shares, each with a nominal value of one euro.

(ii) 2,061,827 Category B shares, each with a nominal value of one euro.

The shares were released with an issue premium of 2.565776 euros per share, meaning the unit value of each share was 3.565776 euros.

The shares issued were, at the time, signed over to shareholders of the Company, among others, by

Bansabadell Inversió Desenvolupament, S.A.U., Mr Óscar Serra Duffo and Mr Bernardo Corbera Serra, members of the company's Board of Directors.

5.4. Placing and Underwriting

5.4.1. Name and address of the coordinator or coordinators of the global offer and of certain parts thereof and, to the best of the issuer's or offering shareholder's knowledge, of the brokers in the different countries where the offer takes place.

Function	Name	Address
Global Coordinator	**Citigroup Global Markets Limited**	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n. 28660 Boadilla del Monte, Madrid, Spain
	RETAIL TRANCHE	
Lead Entities and Joint bookrunners	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain

Function	Name	Address
	Banco Bilbao Vizcaya Argentaria, S.A.	Vía de los Poblados, s/n, Madrid, Spain
Underwriters	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain
	Banco Bilbao Vizcaya Argentaria, S.A.	Vía de los Poblados, s/n, Madrid, Spain
	Banco Español de Crédito, S.A.	Avenida Gran Via de Hortaleza 3 (Madrid)
EMPLOYEE TRANCHE		
Lead Entities and Joint bookrunners	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain
	Banco Bilbao Vizcaya Argentaria, S.A.	Vía de los Poblados, s/n, Madrid, Spain
Processing Entities	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain
	Banco Bilbao Vizcaya Argentaria, S.A.	Vía de los Poblados, s/n, Madrid, España
SPANISH TRANCHE FOR QUALIFIED INVESTORS		
Lead Companies and Joint bookrunners	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain
	Banco Bilbao Vizcaya Argentaria, S.A.	Vía de los Poblados, s/n, Madrid, Spain
Underwriters	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
	Santander Investment, S.A.	Ciudad Grupo Santander, Avda, de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain

Function	Name	Address
	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona), Spain
	Banco Bilbao Vizcaya Argentaria, S.A.	Vía de los Poblados, s/n, Madrid, Spain
INTERNATIONAL TRANCHE FOR QUALIFIED INVESTORS		
Lead Entities and Underwriters	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
	BNP Paribas Securities Services, Branch in Spain	Ribera del Loira 28, 3ª planta 28042 Madrid
Bookrunner	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, Londres E14 5LB, United Kingdom
Co-Bookrunner	BNP Paribas	Ribera del Loira 28, 3ª planta 28042 Madrid
Underwriters	Banco Espirito Santo de Investimento, S.A., Sucursal en España	Calle Serrano, 88, 4ª (28006) Madrid
	Fidentiis Equities S.V., S.A.	Calle Velázquez 140, 2ª Planta. 28006 Madrid
	Banco de Sabadell, S.A.	Plaza de Sant Roc, 20, Sabadell (Barcelona)
	Santander Investment, S.A.	Ciudad Grupo Santander. Avda. de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, España

In addition, the following entities shall act as Associated Placement Entities for the Retail Tranche:

- As Associated Placement Entities with Santander Investment, S.A.:
  - Banco Santander Central Hispano, S.A.
  - Banco Banif, S.A.
  - Open Bank Santander Consumer, S.A.
  - Santander Consumer Finance, S.A.
  - Santander Investment Bolsa, S,V,, S.A.

- As Associated Placement Entities with Banco de Sabadell, S.A.:
  - Ibersecurities, SV, S.A.
  - Banco Urquijo Sabadell Banca Privada, S.A.

As Associated Placement Entities with Banco Bilbao Vizcaya Argentaria, S.A.:

- Uno-E Bank, S.A.
- Banco Depositario BBVA, S.A.

In addition, the following entities shall act as Associate Processing Entities for the Employee Tranche:

- For Santander Investment, S.A.:
  - Banco Santander Central Hispano, S.A.
  - Banco Banif, S.A.
  - Open Bank Santander Consumer, S.A.
  - Santander Consumer Finance, S.A.
  - Santander Investment Bolsa, S,V,, S.A.
- For Banco de Sabadell, S.A.:
  - Ibersecurities, SV, S.A.
  - Banco Urquijo Sabadell Banca Privada, S.A.

5.4.2. Name and address of any payment agent and of the deposit agents in each country

The Agent Entity of the Offer is BNP Paribas Securities Services, Branch in Spain, with registered office at Ribera del Loira 28, 3ª planta, 28042 Madrid.

5.4.3. Name and address of the entities that agree to insure the issue with a firm commitment, and details of the entities that agree to place the issue without a firm commitment or with a "best efforts" agreement, Indication of the important characteristics of the agreements, including the amounts. In the event that the issue is not fully subscribed, a

statement of the part not covered. Indication of the global amount of the subscription commission and the placement commission.

The underwriting commitment and placement intentions protocols for the Retail Tranche and the Spanish Qualified Investors Tranche were signed on 10 October 2007.

The following is a description of the main characteristics of the underwriting commitment and placement intentions protocols.

The underwriting commitment and placement intentions protocols for the Retail Tranche and the Spanish Tranche for Qualified Investors were signed by the following entities, with an indication of the initial number of shares insured; however, consideration must be given to the fact that the final number of shares insured by each entity shall be that which appears in the corresponding Underwriting Agreements:

	Retail Tranche		**Spanish Tranche for Qualified Investors**		**International Tranche**		**Total**	
	% insured	**Shares**	**% insured**	**Shares**	**% insured**	**Shares**	**% insured**	**Shares**
Tranche size	100%	13,014,883	100%	8,816,589	100%	22,041,471	100%	43,872,943
Citigroup Global Markets Limited	--	--	25%	2,204,147	68%	14,988,201	39.2%	17,192,348
Santander Investment, S.A.	37.5%	4,880,581	30%	2,644,977	3.75%	826,555	19.05%	8,352,113
Banco de Sabadell, S.A.	37.5%	4,880,581	30%	2,644,977	3.75%	826,555	19.05%	8,352,113
Banco Bilbao Vizcaya Argentaria, S.A.	20%	2,602,977	15%	1,322,488	--	--	8.9%	3,925,465
Banesto, S.A.	5%	650,744	--	--	--	--	1.48%	650,744
BNP Paribas	--	--	--	--	17%	3,747,050	8.5%	3,747,050
Fidentiis	--	--	--	--	3.75%	826,555	1.88%	826,555
Banco Espirito Santo	--	--	--	--	3.75%	826,555	1.88%	826,555

The above-mentioned entities entered into a Processing Contract for the Employee Tranche on 10 October 2007 (the **"Processing Contract"**). The shares allotted to the Employee Tranche are also expected to be underwritten if the Mandates made in the said Tranche are insufficient for covering all the shares initially allotted to the said Tranche. The excess shares shall be automatically allotted to the Retail Tranche, regardless of the demand in this Tranche. Therefore, in this case, they shall be underwritten within the Retail Tranche.

The Underwriters shall assume the following commitments with regard to the Retail Tranche and the Spanish Tranche for Qualified Investors:

1. Underwriting

The Underwriters shall jointly undertake to underwrite on the Spanish market or purchase at the Underwriting Price, as laid down below, for themselves, the shares corresponding to the volume of the Offer in the Retail Tranche or in the Spanish Tranche for Qualified Investors which, insured by each one in the respective Underwriting and Placement Agreement, have not been purchased by third parties in the case where sufficient subscriptions for covering the total number of shares allotted to the said Tranche are not presented during the corresponding period. These obligations shall not be required in the cases of automatic revocation or abandonment of the Offer as per this Securities Note.

The firm underwriting commitment by the Underwriters shall exist only from the moment when they sign the corresponding Underwriting Agreements. To this end, the Company shall notify the CNMV as a relevant fact the identity of the entities that sign the underwriting agreement and the amount these entities have finally underwritten.

The Underwriters that sign the Underwriting Agreement for the Retail Tranche shall be under the unconditional obligation to take additional and joint responsibility of up to 15% of the total underwriting for the aforementioned Tranche. This will apply in the case that any of the Underwriters that had signed the Underwriting Agreement for the Retail Tranche did not fulfil its underwriting commitments, which shall be spread among the remaining Underwriters in proportion to their respective underwriting commitments as provided for in the Underwriting Agreement for the Retail Tranche. Should the circumstance arise whereby the syndicate's entities were obliged to put this commitment into effect as a consequence of the non-performance of the underwriting agreement by one of the underwriters shall not in itself be the cause of the termination of the Underwriting Agreement due to force majeure.

In the Retail Tranche, the underwriting commitment shall cover the shares allotted thereto in accordance with the rules for redistribution between Tranches as per this Prospectus. Accordingly, the Agreement shall establish the generic underwriting of the shares that may be allotted to the Retail Tranche if a redistribution is applicable as per this Prospectus. In this case, the additional shares shall be distributed between the Underwriters in proportion to their initial underwriting commitment, where the respective management, placement and underwriting commissions shall accrue with regard thereto.

2. Placement:

The placement of the shares shall be carried out through the Underwriters and, in the Retail Tranche, also through the associated Placement Entities, where applicable. The said entities shall undertake to purchase, by order and on account of third parties, all the shares definitively allotted to the applicants that have formulated their purchase requests (Mandates, Applications or Proposals) directly or indirectly through the former (or through their associated Placement Entities, in the case of the Retail Tranche).

In the Retail Tranche, each Underwriter or Placement Entity shall receive and formulate whatsoever valid request for the purchase of shares that may be formulated directly, and the Underwriters shall also receive and formulate those presented by their associated Placement Entities, where no Underwriter or Associated Placement Entity shall be authorised to receive or formulate subscriptions presented by investors to whom the Offer is not directed.

In the Spanish Tranche for Qualified Investors, the Underwriters of the aforementioned Tranche shall obtain Proposals between qualified investors so that they may be selected by the Company by mutual agreement with the Global Coordination Entities. The said Underwriters shall receive and formulate whatsoever valid Proposal for the purchase of shares formulated thereto.

In all the Tranches, the associated Underwriters and Placement Entities have assumed the commitment not to charge investors whatsoever expense or commission for their participation in this Offer, including the cases in which the Offer is revoked.

3. Causes of force majeure laid down in the Contracts:

The contract may be terminated by the decision of Fluidra after non-binding consultation with the Coordination Entities or by the decision of the majority of the Global Coordination Entities after non-binding consultation with Fluidra, in the event of whatsoever case of force majeure or extraordinary alteration of market conditions occurring any time from when the contract is signed until 20:00 Madrid time on the Transaction Date.

Accordingly, the consideration of force majeure or extraordinary alteration of market conditions shall be applied to the following situations, as long as they render the fulfilment of the agreement by the Underwriters exceptionally damaging or objectively unadvisable:

1. The suspension or significant limitation of the negotiation of shares declared by the competent authorities in the Stock Exchanges of Madrid, Barcelona, Bilbao, Valencia (including the Continuous Market), London or New York.
2. The general suspension of banking activities in Spain, the United Kingdom or the United States, declared by the competent authorities, or a substantial alteration in banking activities or the compensation and settlement of securities in Spain, the United Kingdom or the United States.
3. The commencement or worsening of hostilities or whatsoever similar conflict, or a terrorist act of great scope, or a declaration of war or national emergency, as long as it has a substantial negative effect on the indexes of the Spanish Stock Exchanges.
4. The occurrence of whatsoever other type of calamity or crisis or the substantial alteration of the national or international political, economic or financial situation or the foreign exchange market or of an event that may foreseeably lead to whichsoever thereof, as long as it has a substantial negative effect on the indexes of the Spanish Stock exchanges.
5. The substantial alteration of Fluidra's economic financial or patrimonial situation.

6. The modification of legislation in Spain or the adoption of whatsoever bill that may involve a foreseeable modification to legislation in Spain that may have a substantial negative effect on Fluidra's activity, the Offer or Fluidra's shares or the transferability thereof or the rights of the owners of the said shares.
7. The occurrence of events not known at the time of registration of the Prospectus other than those laid down in the above sections that may have a substantial negative effect on Fluidra, the Offer, Fluidra's shares or the rights of the owners of shares in Fluidra.

The termination for whatsoever cause indicated above and duly notified to the other party shall give rise, in all cases, to the automatic revocation of the Offer.

4. Commissions laid down in the underwriting commitment and placement intentions protocols

In proportion to the number of shares respectively sold by each one in the Offer (including the shares covered by the green shoe purchase option), the Offering Shareholders shall pay the Underwriters a total commission of 2,25% of the amount of the transaction (regardless of the incentive commission laid down below). The breakdown of the commissions shall be as follows:

- Praecipium: Commission payable to the Global Coordination Entities: 0225%.
- Management: Commission payable to the Lead and Co-lead Entities in proportion to their respective underwriting commitments: 0.225%.
- Underwrting: Commission payable to the Underwriters in proportion to their respective underwriting commitments: 0.450%.
- Placement: Commission payable to the Placement entities in proportion to the share allotments to the mandates, subscriptions and proposals for the purchase of shares presented thereby: 1.350%.

Additionally, the Offering Shareholders may pay the entities of the underwriter and insurer syndicate of the Retail Tranche an incentive commission in accordance with the following scale:

- 0.35% in an entirely discretional way.
- If the demand in the said tranche doubles the underwriting commitments of the underwriting entity:
  - 0.40% of the final amount allocated to the subscriptions formulated before the said underwriting entity and its associates during the first three days of the mandates period.
  - 0.35% of the final amount allotted to the subscriptions formulated before the said underwriting entity and its associates during the remaining period of the Offer.

Success in the Institutional Tranche: entirely discretional commission regarding the concession, final amount and internal distribution between the entities of the underwriter and insurer syndicate, decisions that shall correspond to Fluidra: 0.750%.

The application of the green shoe option shall accrue management and underwriting commissions, but not an placement commission.

The shares placed in the Employee Tranche shall accrue praecipium and management, underwriting and success commissions. but not a placement commission (although the latter shall accrue insofar as the shares in the Employee Tranche are reallotted to the Retail Tranche).

5. Waiver of commissions:

The Underwriters may not fully or partially waive the aforementioned commissions, except in the cases laid down in the Underwriting agreements, when the allotment is in favour of authorised financial intermediaries for the activities laid down in articles 63 and 64 of the Stock Exchange Act that form part of their group or their representatives or agents duly registered with the CNMV or the Bank of Spain.

6. Underwriting Price:

This shall be the share price at which the Underwriters shall undertake to purchase the excess insured shares (hereinafter called the "**Underwriting Price**").

The underwriting Price for all the Tranches shall be equal to the Price of the Tranche for Qualified Investors determined by the Company in accordance with the Global Coordination Entities, and approved by Fluidra and the Lead Entities. Should it not be possible to determine the Price of the Tranche for Qualified Investors, as per this Prospectus, the Underwriting agreement for the Tranche for Qualified Investors shall not be signed and the total automatic revocation shall take place.

There shall be a firm commitment to Underwriting by the Underwriters only when they sign the respective Underwriting and Placement Agreement.

7. Unauthorised advertising:

By virtue of the provisions laid down in the underwriting commitment and underwriting intentions protocols, in the Underwriting and Placement Agreements, the Underwriters shall undertake to abstain and have their respective associated Underwriters abstain from doing advertising related to the Offer or their participation therein without the Company's authorisation.

8. Underwriting Agreement for the International Tranche

On 29 October 2007, the signing of an International Underwriting Agreement (hereinafter called the "**International Underwriting Agreement**") is scheduled, whereby the Insurers of the International Tranche shall undertake to purchase the shares allocated to the International Tranche from the Offering Shareholders.

This International Underwriting Agreement shall adapt to usual international practice in this type of offer regarding the declarations and guarantees made by the Company and the Offering Shareholders and regarding the causes for termination.

The Underwriting Price for the International Tranche shall be the Price of the Tranche for Qualified Investors.

The specific commissions for the International Tranche are as indicated in section 4 above for the Spanish Tranche for Qualified Investors.

Should it not be possible to determine the Price of the Tranche for Qualified Investors. as per this Prospectus. the Underwriting Agreement for the International Tranche shall not be signed and the total automatic revocation shall take place. Neither the Global Coordination Entities nor whatsoever other entity that may have been invited to sign the International Underwriting Agreement nor the entities applying for shares in this Tranche shall have the right to claim whatsoever indemnification.

5.4.4. When the underwriting agreement was or will be reached

On 10 October 2007, the underwriting commitment and placement intentions protocols for the Retail Tranche and the Spanish Tranche for Qualified Investors, and the Processing Agreements for the Employee Tranche were signed. On 22 October 2007, the Underwriting and Placement Agreement for the Retail Tranche is scheduled to be signed and, on 29 October 2007, Underwriting and Placement Agreement for the Qualified Investors Tranche.

6. RESOLUTIONS OF ADMISSION TO TRADING AND NEGOTIATION

6.1. Indication of whether the securities offered are or shall be the object of an application for admission to trading, with a view to their distribution on a regulated market or on other equivalent markets, indicating the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading shall necessarily be approved. If known, the earliest dates on which the securities shall be admitted for trading must be supplied

In accordance with the agreements adopted by the Board of Directors of Fluidra on 6 September 2007, by virtue of the authorisation of the Extraordinary General Shareholders Meeting dated 5 September 2007, the official listing of all the Company's shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia shall be applied for, together with their incorporation in the Stock Exchange Linkup System (Continuous Market).

It is scheduled for all the Company's shares to be listed on 31 October 2007, where, should the shares not be listed by 30 November 2007. Fluidra hereby undertakes to notify the investors of the reasons for the delay by means of the corresponding notice to the CNMV and then advertised and published in at least one daily national newspaper.

Should Fluidra' shares not be listed before 12:00 p.m. on 30 November 2007, all the tranches of the Offer shall be revoked and resolved, where the provisions laid down in section 5.1.4. above shall apply.

Accordingly, the Company is aware of and hereby accepts to submit to the existing regulations or future regulations governing the Stock Exchange and, in particular, those governing contracting, permanence and exclusion from official trading.

6.2. All the regulated markets or equivalent markets in which, to the best of the issuer's knowledge, securities of the same category as the securities that are going to be offered or admitted to trading are already traded

Fluidra's shares as per this Offer, as with the Company's other shares, are not currently listed on any regulated market.

6.3. If, simultaneously or almost simultaneously with the creation of the securities for which trading on a regulated market is desired, securities of the same class are privately placed or subscribed, or if securities of other classes are created for public or private placement, details on the nature of these transactions and the number and characteristics of the securities to which they refer must be provided

Not applicable.

6.4. Details of the entities that have a firm commitment to act as intermediaries in secondary trading, providing liquidity by means of the supply and demand orders and description of the main terms of their undertaking.

No entity firmly undertakes to act as intermediaries in the secondary negotiation, providing liquidity through the offer and demand indexes.

6.5. Stabilisation: In those cases in which an issuer or a selling shareholder has granted an over-allotment or a proposal is made to allow them to carry out price stabilising activities with regard to the Offer

In accordance with the provisions laid down in section 5.2.5. above, some Offering Shareholders have awarded the Underwriters of the Tranches for Qualified Investors a green shoe purchase option over 4,898,106 of Fluidra's shares.

In accordance with this Offer, as from the date on which Fluidra's shares are listed and during the following 30 calendar days, the stabilisation agent that is appointed by Fluidra (the "**Stabilisation Agent**") may carry out stabilisation transactions on the Continuous Market on the account of the Underwriters of the Tranches for Qualified Investors and in accordance with usual international practice for these transactions for the international offer of shares.

The purpose of the said stabilisation practices is to allow the market to gradually absorb the extraordinary flow of sales orders ("flow back") of shares that usually occurs after a Public Offer and to support the market price of the said shares.

Accordingly, the Stabilisation Agent may carry out an over-allotment to the International Tranche and the Spanish Tranche for Qualified Investors that will be covered by the Underwriters themselves, directly or through the application of the green shoe purchase option as per section 5.2.5. of this Securities Note.

In accordance with usual international practices, with no obligation or commitment thereto, the Underwriters of the Tranches for Qualified Investors usually attend the excess demand by taking securities on loan (or purchasing the availability of the securities by virtue of a variety of titles) from shareholders for an amount equal to that of the green shoe purchase option. The said securities loans usually have a term similar to that of the green shoe option. The debit position of the securities assumed by the underwriting syndicates is usually covered through the purchase of the said securities on the Stock Exchange, which could favour, where applicable, the stabilisation of the share price or, directly, the application of the green shoe purchase option.

6.5.1. The fact that stabilisation may be carried out, that there is no guarantee that it will be carried out and that it can be stopped at any time

The Stabilisation Agent has no obligation to the Company or investors for attending the excess demand that may occur in this Offer or for carrying out the aforementioned stabilisation practices or for exercising the green shoe purchase option. The description of these practices has been given by way of example of international practices only, where the Stabilisation Agent shall be free to define the procedure they consider most appropriate for the aforementioned purposes.

6.5.2. Beginning and end of the period during which stabilisation may be carried out,

In accordance with the above, the stabilisation practices may be carried out as from the date on which Fluidra's shares are listed (scheduled for 31 October 2007) inclusive and during the following 30 calendar days.

6.5.3. Identity of the entity managing the stabilisation for each pertinent jurisdiction, unless this is unknown at the time of publication

Fluidra shall appoint the Stabilisation Agent, whose identity shall be made known to the CNMV prior to the stabilisation period. In accordance with the provisions laid down in Regulation EC 2273/2003 of the European Commission, the entity carrying out the stabilisation process shall notify the CNMV of the details of all the stabilisation operations no later than the end of the seventh daily session of the market from the day following the date on which the said transactions are executed and shall notify the public of the following in the term of one week from the end of the stabilisation period:

a) Whether or not the stabilisation has been completed.

b) The start date of the stabilisation.

c) The date on which the stabilisation process took place for the last time.

d) The price range in which the stabilisation has been carried out for each of the days during which the stabilisation operations were carried out.

6.5.4. The fact that the stabilisation operations can lead to a higher market price than would otherwise have been the case.

The stabilisation practices may give rise to a market price that is higher than that which would have occurred if the said practices had not been carried out.

7. HOLDERS SELLERS OF SECURITIES

7.1. Name and professional address of the person or entity that offers to sell the securities, the nature of any position or any other important relationship the vendors have held in the last three years with the issuer or with any of its predecessors or associated individuals

As referred to in section 6.1 above, the Extraordinary General Shareholders Meeting of the Company held on 5 September 2007 adopted the agreement to request the official listing of all the Company's shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, as well as their inclusion in the Stock Exchange Interconnection System (SIBE or Continuous Market).

In accordance with this agreement, the aforementioned General Shareholders Meeting adopted the agreement to carry out a Public Offer of Sale of Fluidra' shares on the account of the shareholders before the listing of the shares and awarded shareholders a term for subscribing and offering all or part of their shares.

Fluidra's shareholders, which are listed below, have subscribed to the Offer and bestow sufficient power on the Company so that, through its legal representatives, it may proceed with the broadest powers to the sale of the shares owned as per the following table and for whatsoever actions that may be necessary for the development of the Offer.

The Offering Shareholders are included in the following table, expressly indicating the cases in which relevant relations have been held with the Company during the three years prior to the registration of this Prospectus, different from those held during the normal course of the Company's activity and their participation in the board of directors of the Company's subsidiary companies:

Name of the shareholder	Professional address	Relation with the Company/Associated individuals
Dispur, S.L.	Rubí (Barcelona), Manuel de Falla 1, bajos	Board member of the Company until 5 September 2007 Owner of 10% of the share capital of Inmobiliaria Tralsa, S.A., owner of 25% of the share capital of Constralsa, S.L., owner of 23.27% of the share capital of Interpool, S.A.S, and owner of 21.66% of the share capital of Iberspa, S.L.* Until 28 February 2006, shareholder in SNTE Until 30 March 2006,

Name of the shareholder	Professional address	Relation with the Company/Associated individuals
		shareholder in Neokem, ADBE Cartera, S.A.U, and Cepex It has signed an economic-financial control and planning services contract with Fluidra Company owned by, among others, Juan Planes Vila and Eloy Planes Corts
Aniol, S.L.	Olot (Girona), Passeig de Barcelona, 6, oficina 15	Board member of the Company until 5 September 2007 Owner of 10% of the share capital of Inmobiliaria Tralsa, S.A., owner of 25% of the share capital of Constralsa, S.L., owner of 17,49% of the share capital of Interpool, S.A.S, and single administrator and owner of 21,66% of the share capital of Iberspa, S.L.* Until 30 March 2006, shareholder in Neokem, ADBE Cartera, S.A.U, and Cepex Until 28 February 2006, shareholder in SNTE Company owned by Bernat Garrigós Castro, amongst others

Name of the shareholder	Professional address	Relation with the Company/Associated individuals
Boyser, S.L.	Sabadell (Barcelona), Filadors, 25, 8º 5ª	Board member of the Company until 5 September 2007 Owner of 40% of the share capital of Inmobiliaria Tralsa, S.A., owner of 25% of the share capital of Constralsa, S.L., owner of 23,27% of the share capital of Interpool, S.A.S, and owner of 21,75% of the share capital of Iberspa, S.L.* Until 28 February 2006, shareholder in SNTE Until 30 March 2006, shareholder in Neokem, ADBE Cartera, S.A.U, and Cepex Company owned by Óscar Serra Duffo and Alejandro Serra Duffo, among others
Edrem, S.L.	Mataró (Barcelona), Santa Marta, 7	Board member of the Company until 5 September 2007 Owner of 40% of the share capital of Inmobiliaria Tralsa, S.A., owner of 25% of the share capital of Constralsa, S.L., owner of 23.27% of the share capital of Interpool, S.A.S. and owner of 22.75% of the share capital of Iberspa, S.L.* Until 30 March 2006, shareholder in Neokem, ADBE Cartera, S.A.U, and Cepex Until 28 February 2006, shareholder in SNTE, a Company owned by Bernat Corbera Serra, Bernardo Corbera Bros, Yolanda Corbera Serra and Sergio Corbera Serra, amongst others.
Bansabadell Inversió Desenvolupament, S.A.U.	Barcelona, Avenida Diagonal, 407 bis, planta 21	Board member of the Company until 5 September 2007

Name of the shareholder	Professional address	Relation with the Company/Associated individuals
Bernat Corbera Bros	Mataró (Barcelona), Santa Marta, 7	Individual representative of Edrem, S.L. as a member of the board of the Company until 5 September 2007
Bernardo Corbera Serra	Mataró (Barcelona), Santa Marta, 7	Individual representative of Beran Cartera, S.L.U. as a member of the board of the Company until 5 September 2007 Board member of the Company from 5 September 2007, managing director of Edrem, S.L. and joint administrator of Inmobiliaria Tralsa, S.A.*
Yolanda Corbera Serra	Mataró (Barcelona), Santa Marta, 7	--
Sergio Corbera Serra	Mataró (Barcelona), Santa Marta, 7	--
Alejandro Serra Duffo	Sabadell (Barcelona), Filadors, 25, 8º 5ª	--
Óscar Serra Duffo	Sabadell (Barcelona), Filadors, 25, 8º 5ª	Individual representative of Consultoría de Servicios O.Serra, S.L. as member of the board of the Company until 5 September 2007, board member of the Company from 5 September 2007 and chairman of the board of directors of Boyser, S.L.
Magilfa, S.L.	Murcia, Paseo Fotógrafo Verdú, 4, 1G, 2	It has signed an agency contract with Cepexser, S.L.
Cortils, S.L.	Olot (Girona), Puig de Bassagoda, 7	--
Jesús Arévalo Cárdenas	Calle Arte Plateresco nº 1 28905 Getafe (Madrid)	--
Melpibors, S.L. in liquidation	C/ Mestre Falla, nº 1 - Rubí (Barcelona)	

Name of the shareholder	Professional address	Relation with the Company/Associated individuals
Soden MLC y Asociados, S.L.	Sant Cugat del Vallès (Barcelona), Font del Fumet, 88	Board member of Neokem until 30 March 2006 Until 30 de March de 2006, shareholder in Neokem
Mónica Llastarri Sánchez	Cerdanyola del Vallès (Barcelona), Avenida Bartolomeu, 35	--
Gemma Llastarri Sánchez	Sant Cugat del Vallès (Barcelona), Victor Catala, 10	--
Olga Llastarri Sánchez	Andorra, Urbanització "El Rutllant" El Torrent, 52, Fase II	--

*Inmobiliaria Tralsa, S.A., Constralsa, S.L., Interpool, S.A.S, and Iberspa, S.L. are companies associated with Fluidra, See section 19 of chapter IV, Information about the Issuer.

Óscar and Alejandro Serra Duffo each directly own 5.36% of the shares representing the share capital of Boyser, S.L.

Bernardo Corbera Serra (7.95%), Yolanda Corbera Serra (13.92%), Sergio Corbera Serra (13.92%) and Bernat Corbera Bros (54.05%) are direct owners of 89.84% of the share capital of Edrem, S.L.

With regard to the Employee Tranche, the Company shall acquire from the Offering Shareholders on the Transaction Date at the Retail Price of the Offer the number of shares that are definitively allotted to the said Tranche for their immediate resale to the employees that have been awarded the shares at the Employee Sale Price, paying the Offering Shareholders the purchase price of the aforementioned shares on the Date of Liquidation of the Offer (2 November 2007).

7.2. Number and class of the securities being offered by each of the selling security holders.

The shareholders that have decided to subscribe to the Offer are as follows, with indication of the number of shares offered (all of one single class) by each of the offering shareholders in the initial offer:

Name of the offer-shareholder	Total No. of shares	No. of shares offered	% of share capital after the Offer (1)	No. of shares offered in the green shoe	% of share capital after the Offer (2)
Dispur, S.L.	18,500,247	5,068,308	11,9258	563,146	11,4258

Name of the offer-shareholder	Total No. of shares	No. of shares offered	% of share capital after the Offer (1)	No. of shares offered in the green shoe	% of share capital after the Offer (2)
Aniol, S,L,	13,614,798	5,068,308	7,5882	563,146	7,0882
Boyser, S,L,	24,332,009	8,004,895	14,4964	1,122,200	13,5000
Edrem, S,L,	22,766,469	7,561,555	13,50000	0	13,5000
Bansabadell Inversió Desenvolupament, S.A.U,	22,565,792	11,200,420	10,0910	1,244,492	8,9860
Bernat Corbera Bros	522,903	362,587	0,1424	160,316	-
Bernardo Corbera Serra	1,045,847	725,219	0,2847	320,628	-
Yolanda Corbera Serra	1,045,847	725,219	0,2847	320,628	-
Sergio Corbera Serra	1,045,847	725,219	0,2847	320,628	-
Alejandro Serra Duffo	1,047,452	1,047,452	0	0	-
Óscar Serra Duffo	1,047,452	1,047,452	0	0	-
Magilfa, S,L,	442,198	397,978	0,0392	44,220	-
Cortils, S,L,	220,074	96,700	0,0195	10,745	0,1000
Jesús Arévalo Cárdenas	902,992	772,147	0,1161	85,794	0,0400
Melpibors, S.L. in liquidatio (3)	563,145	506,831	0,0500	56,314	-
Soden MLC y Asociados, S,L,	518,260	263,702	0,2260	29,300	0,2000
Mónica Llastarri Sánchez	226,043	203,439	0,0201	22,604	-
Gemma Llastarri Sánchez	226,043	102,073	0,1101	11,341	0,1000
Olga Llastarri Sánchez	226,043	203,439	0,0201	22,604	-
Total	**110,859,461**	**44,082,943**	**59,2890**	**4,898,106**	**54,9401**

(1) Assuming the green shoe purchase option is not applied.

(2) Assuming the green shoe purchase option is applied.

(3) The deed on winding up is expected to be signed in the following weeks.

7.3. Lock-up agreements

In the Underwriting and Placement Agreements of the Retail Tranche and the Tranches for Qualified Investors, the Company, on its own behalf and on behalf of the Offering Shareholders, shall undertake to the Global Coordination Entities not to issue, offer, sell, agree the issue or sale or in whatsoever other way directly or indirectly dispose of or make whatsoever transaction that may have an economic effect similar to the sale or announcement of the sale of shares of Fluidra, securities that may be converted into or exchanged for shares in Fluidra, warrants or whatsoever other instruments that may give right to the subscription purchase of shares in Fluidra, including transactions with derivative instruments as from the date of the contract and during the term of 180 days following the date on which the Company's shares are listed in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, except when it has obtained prior consent in writing from the Global Coordination Entities, which shall not be refused unreasonably,. As an exception to the said undertaking, Fluidra may:

(i) Issue shares or options to purchase shares for the exclusive purpose of offering them as fulfilment of an incentive plan for its directives and/or employees.

(ii) Issue shares within the framework of the Company's strategic operations as long as the party or parties purchasing the said shares assume(s) an identical undertaking to not transfer the shares for the remaining period.

Furthermore, as an exception to the said undertaking, the Offering Shareholders may transfer Fluidra's shares during the aforementioned period of 180 days as a result of the following:

(i) The securities loaned to be awarded to the Global Coordination Entities for the over-allotment of shares in the institutional tranche or tranches of the Offer.

(ii) The application of the green shoe purchase option to be awarded in the underwriting agreements for the institutional tranche or tranches of the Offer.

(iii) Transfers of shares between entities belonging to the same group (as per article 4 of the Stock Exchange Act 24/1988), as long as the entity purchasing the shares assumes an identical commitment to not transfer the shares for the remaining period.

(iv) Transfers of shares as part of a takeover bid for 100% of Fluidra.

(v) The execution of the Employee Tranche of the Offer, which will involve the acquisition by the Company from the Offering Shareholders of a number of shares in the Company, in order that such shares may be resold by the Company to the employees of the Fluidra Group that are eligible for the Employee Tranche of the Offer.

8. ISSUE/OFFER EXPENSES

8.1. Total net revenue and calculation of total expenses of the issue/offer

The expenses of the Offer (not including VAT) are given as follows merely as an indication, given the difficulty involved in estimating the exact final amount on the date of preparation of this Prospectus:

Expenses	€millions
Incentive, underwriting, placement and management commission(1) (2)	**10,110,000**
Spanish Stock Exchange charges and tariffs(3)	**110,000**
CNMV fees(3)	**50,500**
Iberclear fees(3)	**30,000**
Legal expenses and others (notary public, registration, legal and other advertising, agency commission, legal and financial advice, audit, unforeseeable expenses and possible deviations)	**4,500,000**
TOTAL	**14,800,500**

(1) The commission expenses are merely an estimate and have been calculated assuming that (i) all the Entities of the various syndicates place the number of shares that, in principle, will be underwritten by each one of them, and (ii) taking as a reference price 6.88 euros per Fluidra share (average price of the Indicative Non-binding Price Band).

(2) These expenses shall be fully absorbed by the Offering Shareholders.

(3) These expenses shall be fully absorbed by Fluidra.

9. DILUTION

9.1. Amount and percentage of the immediate dilution resulting from the offer

Not applicable.

9.2. In the event that a subscription offer to current holders, the amount and percentage of the immediate dilution if they do not subscribe the new offer

Not applicable.

10. ADDITIONAL INFORMATION

10.1. <u>If the board members related to an issue are mentioned in the Securities Note, a statement of the capacity in which the board members have acted.</u>

Besides the Global Coordination Entities, the following entities have provided consultancy services in relation to the Offer included in this Prospectus:

a) Uría Menéndez y Cía, Abogados, S,C,, a firm responsible for providing Fluidra with legal consultancy services in Spanish law.

b) Davis Polk & Wardwell, a firm responsible for providing Fluidra with legal consultancy services in international law.

c) Garrigues, a firm responsible for providing the Underwriters with legal consultancy services in Spanish law.

d) Winston & Strawn LLP, a firm responsible for providing the Underwriters with legal consultancy services in international law.

e) KPMG Auditores, S,L,, Fluidra's accounts auditors.

10.2. <u>Indication of other information regarding the Securities Note that has been audited or checked by the auditors and whether the auditors have made a report, Copy of the report or, with the permission of the competent authority, a summary thereof</u>

Not applicable.

10.3. <u>When a statement or a report is included in the Securities Note and this is attributed to an expert, provide the name of this person(s), their professional address, qualifications and vested interest in the issue, as applicable, If the report is presented at the request of the issuer, a statement to that effect included in the said statement or report, the form and the context in which it is included, with the consent of the person that has authorised the content of that part of the Securities Note</u>

Not applicable.

10.4. <u>In those cases where the information comes from a third party, provide confirmation that the information has been reproduced accurately and that, to the best of the issuer’s knowledge and as far as the issuer has been able to determine from the information published by said third party, none of the information reproduced omits anything that would render it inaccurate or deceitful, In addition, the issuer must identify the source or sources of the information</u>

Not applicable.

IV. INFORMATION ABOUT THE ISSUER

IV. INFORMATION ABOUT THE ISSUER (ANNEX I OF (CE) REGULATION No 809/2004 OF THE COMMISSON OF 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1. Identification of the persons responsible for the Registration Document

Mr Eloy Planes Corts, in his capacity as Managing Director, on behalf of FLUIDRA, S.A. (hereinafter "**Fluidra**", the "**Company**" or the "**Issuer**"), takes responsibility, by virtue of his post, to which he was appointed by the Company's Board of Directors at its meeting held on 31 October 2006, and by virtue of the powers granted to him by the Board of Directors on 6 September 2007, pursuant to the authority conferred to it at the Extraordinary General Shareholders Meeting held on 5 September 2007, for the contents of the Information about the Issuer in this section ("**Information about the Issuer**") in the Offer's information prospectus.

1.2. Declaration by the persons responsible for the Registration Document

Mr Eloy Planes Corts states that, after having taken all reasonable steps to so ensure, all of the information about the Issuer contained in the Prospectus is, to the best of his knowledge, in accordance with the facts and no omissions have been made that may alter these contents.

2. STATUTORY AUDITORS

2.1. Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).

KPMG Auditores, S.L. headquartered in Madrid, Paseo de la Castellana, 95, holder of tax identification (NIF) number B-78510153 and registered on the Official Registry of Statutory Auditors Ander number S0702 and on the Madrid Companies Registry in Volume 11,961, Folio 90, Section 8, Sheet M-188,007, KPMG Auditores has been the auditor of Fluidra's individual and consolidated annual accounts in the 2004, 2005 and 2006 tax years.

2.2. If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.

KPMG Auditores, S.L. has not resigned, nor has it been removed from its duties during the period covered by the historical financial information. At the Company's General Shareholders Meeting held on 27 October 2006, KPMG Auditores, S.L. was appointed/re-appointed as the auditor of the Company's individual and consolidated annual accounts for the tax year ending on 31 December 2006 for a period of one year in the case of the consolidated accounts and three years in the case of the individual accounts as of the start of the 2006 accounting period.

3. SELECTED FINANCIAL INFORMATION

The tables below contain the most significant financial items on the balance sheet and the consolidated profit and loss statement of Fluidra, S.A. and its sister companies, corresponding to the tax years that ended on 31 December 2004 and 2005, which were drawn up in accordance with the generally accepted accounting principles in Spain described in the Standard Chart of Accounts ("**PGC**") and other applicable legislation and the Group's consolidated financial statements corresponding to the tax years that ended on 31 December 2004 and 2005, which were drawn up in accordance with the EU-IFRS. The aforementioned consolidated accounts and the consolidated financial statements together have been subject to an audit by KPMG Auditores S.L. All the audit reports express a favourable opinion and include a paragraph that highlights the fact that the financial statements of certain foreign companies have been audited by other auditors and that the opinion of the auditors of Fluidra S.A. and its subsidiaries is based, with regard to the aforementioned companies, on the reports issued by other auditors.

On 28 February 2006 and 30 March 2006, the Company respectively purchased 100% of the capital of the company SNTE Agua Group, S.A. and its subsidiaries (SNTE), which are devoted to water treatment activities, and the businesses belonging to Neokem Grup, S.A. and its subsidiaries (Neokem), and Cepex Holding, S.A. and its subsidiaries (Cepex), which are mainly devoted to irrigation and water treatment and purification. These acquisitions responded to the decision that a new business division should be added to the already existing POOL division. The aforementioned companies made up the new division, which was named WATER.

Given the importance of the said acquisitions, and that, as a result, the financial information may not be compared, the Company's Directors drew up the pro forma consolidated financial information as of 31 December 2006 for the purposes of facilitating an understanding of how the consolidated financial statement of the Company and its subsidiaries, which were prepared in accordance with the EU-IFRS and which correspond to the period that ended on 31 December 2006, would have been affected by the acquisitions of the Neokem, Cepex and SNTE groups if they had had accounting effects on 1 January 2006, and therefore to have available the financial information that includes the 12 months of operations of the aforementioned sub-groups that were acquired.

In addition the Company's Directors drew up the pro forma consolidated financial information as of 30 June 2006 for the purposes of facilitating an understanding of how condensed consolidated interim financial statement with the EU-IFRS of 30 June 2006 would have been affected by the acquisitions of the Neokem, Cepex and SNTE groups if they had been acquired with accounting effects on 1 January 2006 and, as a result, to facilitate the comparison of the financial items in the profit and loss statement that appears in the condensed consolidated interim financial statement of 30 June 2007.

This chapter Is complemented by the most significant items on the balance sheet and the profit and loss statement that correspond to the six-month periods that ended on 30 June 2006 and 2007, which were drawn up in accordance with the EU-IFRS and which were the object of a limited review by KPMG Auditores, S.L. For the purposes of showing a comparative six-month tax period, in addition to the most significant items on the balance sheet and the profit and loss statement, the most significant financial items on the pro forma consolidated profit and loss statement corresponding to the period ending on 30 June 2006 are included. These pro forma consolidated financial statements were drawn up based on the hypothesis that the said acquisitions had taken place on 1 January 2006 and on the basis that the consolidated financial statements had been drawn up in accordance with the EU-IFRS, KPMG Auditores S.L. published a special report on the aforementioned consolidated pro forma financial information.

All of the information in this chapter Is expressed in thousands of euros.

3.1. Selected historical financial information regarding the issuer

3.1.1. Profit and Loss Statement

	EU-IFRS			Pro forma
Key figures	**2006**	**2005**	**Variation % 06-05**	**2006**
Sale of goods and finished products (1)	521,938	405,991	29%	546,178
Variation in stocks of finished product and in process and supplies of raw materials (2)	263,874	214,858	23%	271,405
Gross margin (3)	258,064	191,133	35%	274,773
Staff expenses	98,811	68,694	44%	105,038
Amortisation expenses	23,134	12,522	85%	26,270
Other operating expenses (4)	96,273	72,143	33%	103,079
Income for provision of services (5)	9,104	6,095	49%	9,458
EBIT (6)	48,873	43,793	12%	49,767
EBITDA (7)	72,007	56,315	28%	76,037
Profit attributed to holders of parent company's asset instruments	27,473	26,347	4%	27,813

Key Figures	PGC 2005	PGC 2004	PGC Variation 05-04
Net turnover (1)	405,991	374,085	9%
Procurements + Variation in stocks of finished products and products in process (2)	212,898	195,562	9%
Gross margin (3)	193,093	178,523	8%
Staff expenses	68,694	62,546	10%
Provisions for amortisation of fixed assets	13,831	12,614	10%
Other operating expenses + Changes in trade provisions (4)	70,985	67,540	5%
Other operating income + Work carried out by the Group for fixed assets (5)	6,041	6,440	(6%)
EBIT (6)	43,526	41,326	5%
EBITDA (8))	57,358	53,940	6%
Year profit attributed to the parent company	20,794	20,316	2%

(1) PGC nomenclature considers the "Net Turnover",
(2) PGC nomenclature considers "Supplies" + "Variation in stocks of Finished Product and in the process of manufacture",
(3) (1) – (2)
(4) PGC nomenclature considers "Other operating expenses" + "Variation in operating provisions", the latter of which only includes the provision for debtors that in 2005 and 2004 accounted for 2,775 thousand euros and 1,971 thousand euros, respectively,
(5) PGC nomenclature considers "Other operating income" + "Work performed by the Group for fixed assets",
(6) Calculated as EBITDA – Amortisation Expenses / Provisions for amortisation of fixed assets,

(7) Calculated as Sales of goods and finished products + income for provision of services – variation of stock of finished products and products in process and procurements of raw materials – staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method,

(8) Operating profits + provisions for amortisation of fixed asssets – sharing of losses in companies included in the accounts under the equity method (this is not included in the anual accounts audited for the years 2005 and 2004),

3.1.2. Balance sheet

Key Figures on the Balance Sheet IRFS-EU

	EU-IFRS		Variation
	2006	**2005**	**06-05**
ACTIVO			
Tangible fixed assets	142,915	69,975	104%
Real estate investments	4,466	1,274	251%
Goodwill	128,802	90,542	42%
Other intangible assets	29,230	1,025	2752%
Booked investments applying the equity method	68	206	(67%)
Non-current financial assets	5,348	3,085	73%
Other accounts receivable	7,790	-	N/A
Deferred tax assets	4,733	3,096	53%
Total non-current assets	**323,352**	**169,203**	**91%**
Total current assets	**337,600**	**227,926**	**48%**
Total ASSETS	**660,952**	**397,129**	**66%**
LIABILITIES			
Net Assets	**288,994**	**187,525**	**54%**
Financial liabilities with credit institutions	101,817	59,823	70%
Derived financial instruments	607	203	199%
Deferred tax liabilities	30,855	2,405	1183%
Allowances	4,286	2,538	69%
Official subsidies	202	207	(2%)
Other non-current liabilities	1,570	5,218	(70%)

Total non-current liabilities	**139,337**	**70,394**	**98%**
Financial liabilities with credit institutions	117,574	64,455	82%
Trade creditors and other accounts payable	111,174	68,880	61%
Tax liabilities on current earnings	3,073	5,643	(46%)
Allowances	753	232	225%
Derived financial instruments	48	-	N/A
Total current liabilities	**232,622**	**139,210**	**67%**
Total LIABILITIES	**660,952**	**397,129**	**66%**

Key Figures on the Balance Sheet PGC

	PGC		Variation
	2005	2004	05-04
ACTIVO			
Tangible fixed assets	61,520	55,240	11%
Goodwill	83,687	85,779	(2%)
Long-term investments+Start-up expenses	12,237	13,580	(10%)
Long-term investments	3,227	2,825	14%
Deferred expenses	650	746	(13%)
Total Fixed Assets	**161,321**	**158,170**	**2%**
Total current assets	**229,991**	**208,919**	**10%**
Total ASSETS	**391,312**	**367,089**	**7%**
Liabilities			
Shareholders' Equity+External Partners' Interest+Deferrable Income	**182,258**	**165,723**	**10%**
Financial liabilities with credit institutions	60,513	50,572	20%

Allowances	2,538	1,821	39%
Debts on fixed asset purchases +Other debts	5,218	8,116	(36%)
Long-term creditors+Provisions for contingencies and expenses	**68,269**	**60,509**	**13%**
Financial liabilities with credit institutions	64,532	57,380	12%
Trade creditors + Other non-trade creditors+Accrual accounts	76,021	83,313	(9%)
Provisions	232	164	41%
Total current liabilities	**140,785**	**140,857**	**-**
Total LIABILITIES	**391,312**	**367,089**	**7%**

3.1.3. Main financial ratios

	EU-IFRS			
Financial ratios	**2006**	**2005**	**2006**	**Variation 06-05**
% Gross Margin/				
Sale of goods and finished products	49%	47%	50%	-
% Staff expenses /				
Sale of goods and finished products	19%	17%	19%	-
% Amortisation expenses /				
Sale of goods and finished products	4%	3%	5%	-
% Other operating expenses/				
Sale of goods and finished products	18%	18%	19%	-
% Income for provision of services /				
Sale of goods and finished products	2%	2%	2%	-
% EBIT /				
Sale of goods and finished products	9%	11%	10%	-

% EBITDA /				
Sale of goods and finished products	14%	14%	14%	-
Profit attributed to holders of the parent company's				
Net assets / Sale of goods and finished products	5%	6%	5%	-
Total Net Assets[3]/Total Liabilities	44%	47%	44%	-
Financial liabilities with credit institutions (thousands of euros)	219,391	124,278	219,391	77%
Financial liabilities with credit institutions /Total Liabilities	33%	31%	33%	-
Working Capital [1] (thousands of euros)	104,978	88,716	104,978	18%
Net Financial Debt (thousands of euros) [2]	156,641	72,542	156,641	116%
% Net Financial Debt/Total Liabilities	24%	18%	24%	-

	PGC		
Financial ratios	**2005**	**2004**	**Variation 05-04**
% Gross Margin/ Net turnover	48%	48%	-
% Staff expenses / Net turnover	17%	17%	-
% Provisions for amortisation of fixed assets / Net turnover	3%	3%	-
% Other operating expenses + Variations in trade provisions/ Net turnover	17%	18%	-
% Other operating income + Work carried out by the Group for fixed assets/			
Net turnover	1%	2%	-
% EBIT / Net turnover	11%	11%	-
% EBITDA / Net turnover	14%	14%	-
% Year profit attributed to the parent company / Net turnover	5%	5%	-
Total Equity + External partner interests + Deferred profit/Total Liabilities	47%	45%	-
Financial liabilities with credit institutions and other financial liabilities (thousands of euros)	125,046	107,952	16%
Financial liabilities with credit institutions /Total Liabilities	32%	29%	-
Working Capital (thousands of euros) [1]	89,206	68,062	31%
Net Financial Debt (thousands of euros) [2]	(73,235)	(66,750)	10%
% Net Financial Debt/Total Liabilities	19%	18%	3%

(1) Calculated as Total Current Assets - Total Current Liabilities in Standard Chart of Accounts (PGC) nomenclature, "Liquid Assets – Liquid Liabilities"

(2) The net financial debt includes non-current financial assets, other financial assets, cash and other equivalent liquid amounts minus current and non-current liabilities and financial liabilities with credit institutions,

(3) In Standard Chart of Accounts (PGC) nomenclature, Equity is considered to be "Stockholders' Equity + External Partners' Interests + revenue to be shared,"

3.1.4. POOL and WATER information division by division

As was explained above, the WATER Division was set up after the purchase of SNTE Agua Group, S.A. (28 February 2006) and Neokem Grup S.A. and Cepex Holding S.A. (30 March 2006), Therefore the items for the 2004 and 2005 financial years (included in the table of section 3,1,1) only make reference to the POOL Division, The items for the 2006 period do not include a whole financial year of the WATER Division.

	POOL						WATER	
Key Figures	**2006 (*)**	**% (**)**	**2005 (*)**	**% (**)**	**2004 PGC**	**% (**)**	**2006 (*)**	**% (**)**
Sale of goods and finished products (1)	451,996	100%	405,991	100%	374,085	100%	110,229	100%
Variation in stocks of finished product and in process and supplies of raw materials (2)	241,893	54%	214,858	53%	195,562	52%	58,919	53%
Gross Margin(3)	210,103	46%	191,133	47%	178,523	48%	51,310	47%
Staff expenses	79,750	18%	68,694	17%	62,546	17%	19,061	17%
Amortisation expenses (4)	13,714	3%	12,522	3%	12,614	3%	9,420	9%
Other operating expenses (5)	75,920	17%	72,143	18%	67,540	18%	20,511	19%
Income for provision of services (6)	7,162	2%	6,095	2%	6,440	2%	1,696	2%
EBIT (7)	47,803	11%	43,793	11%	41,326	11%	4,016	4%
EBITDA (8)	61,517	14%	56,315	14%	53,940	14%	13,436	12%

(1) (1) PGC nomenclature considers the "Net Turnover",
(2) PGC nomenclature considers "Procurements" - "Increase in stocks of finished product and in the process of manufacture".
(3) Calculated as the difference between (1) and (2)
(4) PGC nomenclature considers " Fixed asset amortisation provisions"
(5) PGC nomenclature considers "Other operating expenses" + "Variation in trade provisions", the latter of which only includes the provision for debtors that in 2004 accounted for 1,971 thousand euros,
(6) PGC nomenclature considers "Other operating income" + "Work performed by the Group for fixed assets".

(7) Calculated as EBITDA - Amortisation expenses
(8) Calculated as Sales of goods and finished products + income for provision of services – variation of stock of finished products and products in progress and procurements of ras materials– staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method, PGC nomenclature (2004) would define it as: operating profit + provisions for fixed asset amortisation + sharing of losses of companies entered into the accounts under the equity method.
(*) According to EU-IFRS consolidated financial statements (see note 36 and Annex II of the EU-IFRS Financial Statements at 31 December 2006.

(**) Represents the weighting of each account heading on the total de "Sale of goods and finished products"

3.2. If selected financial information for the interim periods is provided, comparative data form the same period in the prior financial year must also be provided, except that the requirement for the comparative balance sheet information is satisfied by presenting the year end balance sheet information.

3.2.1. Profit and loss statement

Key Figures	EU-IFRS 30/06/2007	30/06/2006	Variation % 07-06	PRO FORMA 30/06/2006	Variation % 07-06
Sale of goods and finished products	390,457	301,072	30%	325,312	20%
Variation in stocks of finished products and in supplies of raw materials	197,840	156,524	26%	164,055	21%
Gross margin (1)	192,617	144,548	33%	161,257	19%
Staff expenses	59,269	45,742	30%	51,969	14%
Amortisation expenses	14,505	10,117	43%	13,253	9%
Other operating expenses	67,842	49,208	38%	56,014	21%
Income for provision of services	6,338	3,658	73%	4,012	58%
EBIT (2)	57,287	43,092	33%	43,986	30%
EBITDA (3)	71,792	53,209	35%	57,239	25%
Profit attributed to holders of parent company's asset instruments	33,659	24,410	38%	24,750	36%

– Calculated as the difference between the "Sale of good of finished products" and the "Variation in stocks of Finished Product and in the process of manufacture".

– Calculated by EBITDA – Amortisation Expenses.

– Calculated as Sales of goods and finished products + income for provision of services – variation of stock and procurements– staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method.

3.2.2. Balance sheet

Key Figures on the Balance Sheet

	EU-IFRS	Variation

	30/06/2007	30/06/2006	07-06
ASSETS			
Tangible fixed assets	148,384	140,226	6%
Real estate investments	2,401	4,499	(47%)
Goodwill	142,753	116,539	22%
Other intangible assets	35,606	26,635	34%
Booked investments applying the equity method	128	52	146%
Non-current financial assets	5,077	3,992	27%
Other accounts receivable	7,790	7,790	-
Deferred tax assets	4,736	1,825	160%
Total non-current assets	**346,875**	**301,558**	**15%**
Stocks	160,520	126,316	**27%**
Trade creditors and other accounts payable	308,030	256,684	**20%**
Other current financial assets	8,126	4,396	**85%**
Cash and other equivalent liquid amounts	34,507	38,251	**(10%)**
Total current assets	**511,183**	**425,647**	**20%**
Total ASSETS	**858,058**	**727,205**	**18%**

LIABILITIES			
Net Assets	**313,567**	**284,847**	**10%**
Financial liabilities with credit institutions	124,487	99,486	25%
Derived financial instruments	532	600	(11%)
Deferred tax liabilities	33,850	26,389	28%
Allowances	5,446	3,269	67%
Official subsidies	244	210	16%
Other non-current liabilities	5,453	1,376	296%
Total non-current liabilities	**170,012**	**131,330**	**29%**
Financial liabilities with credit institutions	172,296	138,351	25%
Trade creditors and other accounts payable	186,322	154,608	21%

Key Figures on the Balance Sheet

	EU-IFRS		Variation
	30/06/2007	**30/06/2006**	**07-06**
Tax liabilities on current earnings	14,927	17,492	(15%)
Allowances	892	328	172%
Derived financial instruments	42	249	(83%)
Total current liabilities	**374,479**	**311,028**	**20%**
Total LIABILITIES	**858,058**	**727,205**	**18%**

3.2.3. Main financial ratios

	EU-IFRS		
Financial Ratios	**30/06/2007**	**30/06/2006**	**Variation 07-06 EU-IFRS**
% Gross Margin/ Sale of goods and finished products	49%	48%	-
% Staff expenses / Sales of goods and finished products	15%	15%	-
% Amortisation expenses / Sale of goods and finished products	4%	3%	-
% Other operating expenses / Sale of goods and finished products	17%	16%	-
% Income for provision of services / Sale of goods and finished products	2%	1%	-
% EBIT / Sale of goods and finished products	15%	14%	-
% EBITDA / Sale of goods and finished products	18%	18%	-
% Net annual income / Sale of goods and finished products	9%	8%	-
Total Net Assets/Total Liabilities	37%	39%	-
Financial liabilities with credit institutions and other financial liabilities (thousands of euros)	296,783	237,837	25%
Financial liabilities with credit institutions and other financial liabilities /Total Liabilities	35%	33%	-
Working Capital (thousands of euros)	136,704	114,619	19%

	EU-IFRS		
Financial Ratios	**30/06/2007**	**30/06/2006**	**Variation 07-06 EU-IFRS**
Net financial debt (thousands of euros)	(249,073)	(191,198)	30%
% Net financial debt/Total Liabilities	29%	26%	-

3.2.4. POOL and WATER information division by division

Key Figures	POOL (*)					WATER(*)					
	30/06/2007	% (**)	30/06/2006	% (**)	Variation 07-06	30/06/2007	% (**)	30/06/2006	% (**)	Variation 07-06	Pro forma 30/06/2006
Sale of goods and finished products (1)	315,485	100%	267,837	100%	18%	109,839	100%	51,483	100%	113%	89,053
Variation in stocks of finished product and in process and supplies of raw materials (2)	169,578	54%	143,963	54%	18%	62,947	57%	27,506	53%	108%	48,367
Gross Margin (3)	145,907	46%	123,874	46%	18%	46,892	43%	23,977	47%	121%	40,686
Staff expenses	44,189	14%	38,885	15%	14%	15,080	14%	6,857	13%	120%	13,084
Amortisation expenses	7,744	2%	7,026	3%	10%	6,761	6%	3,092	6%	119%	6,228
Other operating expenses	51,332	16%	41,173	15%	25%	16,509	15%	8,035	16%	105%	14,841
Income for provision of services	4,886	2%	3,266	1%	50%	1,451	1%	392	1%	270%	746
EBIT (4)	47,481	15%	40,009	15%	19%	9,988	9%	6,385	12%	177%	7,279
EBITDA (5)	55,225	18%	47,035	18%	17%	16,749	15%	9,477	18%	150%	13,507

(3) Calculated as the difference between (1) and (2),

(4) Calculated as EBITDA - Amortisation expenses,

(5) Calculated as Sales of goods and finished products + income for provision of services – variation of stock of finished products and products in progress and procurements of raw materials– staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method,

(*) According to EU-IFRS condensed consolidated interim financial statements

(**)Represents the weighting of each account heading on the total de "Sale of goods and finished products"

4. RISK FACTORS

See item “1,1, Risk factors that are specific to the issuer or its industry” in Chapter II (Risk Factors in this Prospectus).

5. INFORMATION ABOUT THE ISSUER

5.1. History and evolution of the issuer

5.1.1. Legal and commercial name of the issuer

The commercial and company name of the Issuer is "Fluidra, S.A."

5.1.2. Place of registration of the issuer and registration number

The Company is registered in the Companies Register of Barcelona under volume 39017, folio 138, page B-290316, entry 20 (registration details from last modification to the articles of association).

5.1.3. Date of incorporation and period of activity of the issuer, if not indefinite

Fluidra, S.A. was incorporated under the name of “Aquaria de Inv, Corp,, S,L,” as a limited company by virtue of deed authorised on 3 October 2002 by the notary public of Sabadell José Antonio García Vila under number 2929 of his official records, registered in the Companies Register of Girona on 18 October 2002 under volume 1878, folio 137, page No, GI-31,489, entry 1; transformed into a public limited company by virtue of deed authorised on 16 December 2003 by the notary public of Sabadell José Antonio García Vila under number 4431 of his official records.

5.1.4. Address and legal personality of the issuer, legislation under which it operates, country of incorporation and address and telephone number of its registered office (or main place of business activity if different from its registered office)

5.1.4.1 Registered office and legal personality

The Company holds its registered office in Sabadell (Barcelona), Avenida Francesc Macià 38, and its telephone number is + (34) 937 243 900.

The Company is of Spanish nationality, has a mercantile character and the legal form of public limited company, Consequently, it is subject to the regulations laid down by the Limited Companies Act and other concordant legislation, as well as the specific regulations of its activity sector as indicated below.

5.1.4.2 Regulatory framework

In general, on the markets on which it operates, the regulatory framework of the activity carried out by the Fluidra Group basically comprises (a) environmental protection regulations and (b) industrial safety regulations, which the Company endeavours to comply with at all times.

The following is a highly summarised description of the main obligations imposed by Spanish regulations applicable to the activities carried out by the Group.

5.1.4.2.1 Framework of environmental regulations

The basic guides regarding environmental protection are common to all the Member States of the European Union, as the Community Directive is the basic instrument regulating the area.

The environmental legislations current in countries not belonging to the European Union are based on International Law and, in particular, on the international agreements signed by the States.

(i) Generic obligation

In general, as with whatsoever industrial activity, the facilities owned by the Fluidra Group for the development of its production process must have the environmental permits or licences required by (a) Act 16/2002, dated 1 July, for the Integrated Prevention and Control of Contamination; (b) the applicable regional environmental regulations; or, where applicable, (c) the provisions laid down in Decree 2414/1961, dated 30 November, which adopts the Regulations governing Activities that are considered a Public Nuisance, Unhealthy, Harmful or Hazardous or, where applicable, the provisions laid down in the regional regulation issued in substitution thereof.

Act 16/2002, dated 1 July, for the Integrated Prevention and Control of Contamination is the result of the incorporation of Council Directive 96/61, dated 24 September, governing the prevention and control of contamination (IPPC), whereby the provisions laid down in Act 16/2002 are, mutatis mutandis, applicable to the other Member States of the European Union.

(ii) Waste

As a result of the activity they carry out, a good number of the companies that make up the Fluidra Group are considered as "producers" and/or "managers of waste", with the immediate consequence of their being subject to the regulations regulating the production and management of waste, constituted fundamentally on a state-level by Act 10/1998, dated 21 April, governing Waste (hereinafter called the "**Waste Act**") and Royal Decree 783/2001, dated 6 July, which adopts the Regulations governing Toxic and Hazardous waste (hereinafter called the "**Waste Regulation**").

The Waste Regulation and Act are subject to production and management of waste licences, imposing a number of obligations on the authorised subjects, highlighting the greater relevance of those imposed on producers of "hazardous waste" in comparison with those requirable of producers of "common or non-hazardous waste", It should be pointed out that the Group produces “common or non-hazardous waste” and “hazardous waste”.

The Waste Act constitutes the incorporation into Spanish legislation of the Community Directive 91/156/CEE, of the Council, dated 18 March 1991, which modifies Directive 75/442 of the Council, dated 15 July, governing waste, As a result, the fundamental aspects of the Waste Act are applicable in the other States belonging to the European Union.

(iii) Contaminated soils

Another of the regulatory areas that affect the activity of the Fluidra Group (especially the Neokem Group), as a result of the activity it carries out and the characteristics of its facilities, is that related to the regulation of contaminated soils, essentially laid down in the Waste Act and, in the development thereof, in Royal Decree 9/2005, dated 14 January (hereinafter called "**Royal Decree 9/2005**"), which lays down the list of activities that may potentially contaminate soil and the regulations for the declaration of contaminated soils.

The basic obligation Royal Decree 9/2005 imposes on those covered by its scope of application is the need for having presented a "preliminary soil situation report" before 7 February 2007, which the Group has presented in due time and manner.

(iv) Wastewater dumping

Another of the scopes of environmental regulation that affect the activity of the Fluidra Group (especially that developed by the Cepex and Neokem groups) is that which covers the protection of water from pollutant dumping.

Accordingly, Legislative Royal Decree 1/2001, dated 20 July, which adopts the rewritten text of the Waters Act and Royal Decree 849/1986, dated 11 April, which adopts the Hydraulic Public Domain Regulations, laid down a number of obligations aimed at preventing the deterioration of the environment and the contamination of waters, highlighting the coalition of whatsoever direct or indirect dumping of waste products that may contaminate the waters without obtaining the preliminary "administrative dumping authorisation".

Spanish legislation governing waters considers the regulatory changes introduced by Directive 2000/60 of the European Parliament and Council, dated 23 October, which lays down a Community framework of action in the scope of the waters policy, whereby its content is basically requirable in the other Member Countries of the European Union.

(v) Electrical and electronic appliances

The specifications and composition of certain products related to the Fluidra Group's production process turn them into "objects that are not easily assimilated by nature", with the immediate consequence of the need for constituting systems aimed at their recollection and reuse under safe conditions for health and the environment.

Accordingly, **Royal Decree 208/2005, dated 25 February, governing Electrical and Electronic Appliances and the management of their waste**, which transfers into Spanish legislation the Community Directives governing the matter, laying down a number of obligations applicable to the manufacture of this type of product and to their correct environmental management when they become waste, which may be complied with **individually or through one or more "Integrated Management Systems" ("IMS")**.

Royal Decree 208/2005, dated 25 February, governing Electrical and Electronic Appliances and the management of their waste transfers Directive 2002/96 of the European Parliament and Council, dated 27 January, governing electrical or electronic appliance waste, modified by Directive 2003/108, dated 8 December, As a result, the obligations laid down in Spanish legislation governing Electrical and Electronic Appliances also include the other Member States of the European Union.

(vi) <u>Containers and container waste</u>

The activity carried out by the Fluidra Group also determines the application of Spanish legislation governing Containers and container waste, which is fundamentally constituted by Act 11/1997, dated 24 April, governing Containers and Container Waste ("**Act 11/1997**") and the regulatory development thereof, as per Royal Decree 782/1998, dated 30 April ("**Royal Decree 782/1998**"), regulations which transfer internal legislation Directive 94/62/CE, of the Parliament and Council, dated 20 December, governing Containers and Container Waste.

Act 11/1997 and Royal Decree 782/1998 govern a number of obligations that may be required of subjects included in their scope of application, which, also in this case, may be complied with individually or through IMS.

Act 11/1997 incorporates into Spanish Law Directive 94/62 of the European Parliament and Council, dated 20 December, governing Containers and container waste, where the content thereof is similar to that laid down in the regulations of the other Member States of the European Union.

(vii) <u>Atmospheric emissions</u>

Another of the regulatory scopes for environmental protection to be highlighted in the framework of the Fluidra Group's activity (especially that corresponding to the Cepex and Neokem Groups) is that related to the protection of the atmospheric environment.

Accordingly, the basic regulatory framework comprises Act 38/1972, dated 22 December, governing the Protection of the Atmospheric Environment and, in the development thereof, Decree 833/1975, dated 6 February, whose Annexe 3 contains a list of "activities that may potentially contaminate the atmosphere", where the aforementioned regulation requires the obtaining of the corresponding permit for the start-up and operation of the facility in question by the competent body of the corresponding Regional Government, where obtaining the said licence shall require the identification of the emission points associated with the facilities and the specifications of the emissions resulting therefrom.

(viii) REACH regulation

Regulation 9007/2006 of the European Parliament and Council, dated 18 December, governing the "Registration, Evaluation and Authorisation of Chemicals" (hereinafter called "**REACH**"), in substitution of the previous Community regulations, creates a unified system for the regulation of chemical compounds and substances, which may affect the activity carried out by the Fluidra Group and the substances and materials it uses in its production processes.

The REACH, whose territorial scope extends to the entire European Union, is applied unless expressly excluded, to the manufacture, commercialisation and use of whatsoever chemical compounds and substances (as defined in the REACH itself) as such substances, in the form of compounds or contained in articles, and to the commercialisation of the compounds, where a number of obligations (with certain transitory regulations) are imposed on manufacturers, dealers and users with the common objective of contributing to safety.

(ix) Environmental Liability

The business activity carried out by the Fluidra Group also relates to previsions made under the European Parliament and Council of Europe Regulation 2004/35/CE of the 21st April 2004 on environmental liability, and prevention and reversal of environmental damage. This regulation is aimed at the establishment of a group of preventative obligations, and where appropriate, reparative measures and a system of liability for any process that may result in environmental risk or contamination.

5.1.4.2.2 Legislative framework for industrial safety

Together with the environmental issues, there is a number of regulatory provisions related to industrial safety, laid down in the development of Act 21/1992, dated 6 July, governing Industry, which are applicable to the facilities in which the Fluidra Group carries out its activities and which shall be referred to briefly below,

(i) Storage of chemical products

In certain cases, the activity carried out by the Fluidra Group requires the storage of chemical products, which determines the application of certain safety regulations,

These regulations include Royal Decree 379/2001, dated 6 April, which adopts the Regulation governing the Storage of Chemical Products (hereinafter called the "**Royal Decree 379/2001**"), which lays down the safety conditions for the storage facilities, loading, unloading and transfer of hazardous chemical products,

(ii) Classification, packaging and labelling of hazardous compounds and substances

In addition, consideration shall be given to Royal Decree 363/1995, dated 10 March (hereinafter called "**Royal Decree 363/1995**"), which adopts the Regulation governing the declaration of new substances and the classification, packaging and labelling of hazardous substances, whose purpose is the regulation of the essential obligations and requirements that must be fulfilled in the scope of the notification of substances considered hazardous, the exchange of information about notified substances, the evaluation of the possible risks involved in the notified substances for humans and the environment and the establishment of safety regulations governing the classification, packaging, labelling and commercialisation of hazardous substances for humans and the environment.

Royal Decree 363/1995 incorporates the legal provisions laid down in Directive 67/548 of the Council, dated 27 June, related to the alignment of legal, regulatory and administrative provisions governing the classification, packaging and labelling of hazardous substances and their ulterior modifications. This regulation is, mutatis mutandis, applicable in the rest of the European Union.

(iii) Serious accidents involving hazardous substances

The presence of hazardous substances in the framework of the activity carried out by the Fluidra Group requires a reference to the regulations governing the prevention and action in the case of serious accidents which, as indicated, involve hazardous substances necessary for the development of the production processes inherent to the activity of the Fluidra Group.

Royal Decree 1254/1999, dated 16 July, which adopts measures for controlling the risks inherent to the serious accidents involving hazardous substances constitutes the basic regulation in this area as it regulates the prevention of serious accidents involving hazardous substances, as well as the limitation of the consequences thereof in order to protect people, goods and the environment.

Royal Decree 1254/1999 introduces into our legislation Directive 96/82 of the Council, dated 9 December, governing the control of risks inherent to serious accidents involving hazardous substances (Seveso II), whereby the fundamental aspects of this regulation are repeated in the other Members States.

(iv) Transport of hazardous goods

The presence of hazardous substances in the framework of the activity carried out by the Fluidra Group determines the subjection thereof to the regulations governing the transport of hazardous goods, laid down in Royal Decree 551/2006, dated 5 May, which regulates the transport of hazardous goods by road in Spanish territory (hereinafter called "**Royal Decree 551/2006**") and in Royal Decree 210/2004, dated 6 February, which lays down an information and monitoring system for maritime traffic (hereinafter called "**Royal Decree 210/2004**").

Royal Decree 551/2006 and Royal Decree 210/2004 imposed on subjects included in its scope of application and a number of obligations governing packaging, containers, recipients, vehicles, tankers, containers and other instruments used for the transport of hazardous goods.

(v) Pesticides/biocides

The type of substances present in the activity carried out by the Fluidra Group requires a mention of the regulations governing the use and commercialisation of pesticides and biocides in Spain, In the case of pesticides, the reference regulation is Royal Decree 3349/1983, dated 30 November, which adopts the Technical-Sanitary Regulation for the Manufacture, Commercialisation and Use of Pesticides (hereinafter called "**Royal Decree 3349/1983**"), For its part, the basic regulation in biocides is Royal Decree 1054/2002, which regulates the Evaluation Process for the Registration, Authorisation and Commercialisation of Biocides (hereinafter called "**Royal Decree 1054/2002**").

Royal Decree 3349/1983 and Royal Decree 1054/2002 lay down the regulations to be observed for the manufacture, storage, commercialisation and use of pesticides and biocides, and lay down the bases for setting the maximum limits for waste of each one allowed in or on foodstuff products.

(vi) Regulation of refrigerated facilities

Taking into account the specifications of the facilities and the activity carried out by the Fluidra Group (especially by the Cepex and Neokem Groups), it is necessary to refer to the provisions that regulate the specifications and requirements to be complied with by refrigerated facilities, The basic regulation governing refrigerated facilities is Royal Decree 3099/1977, dated 8 September (hereinafter called "**Royal Decree 3099/1977**"), as well as its Complementary Technical Instructions.

Royal Decree 3099/1977 and its Complementary Technical Instructions define the conditions to be complied with by refrigerated facilities in order to guarantee the safety of people and goods and, in general, to improve safety conditions in the work related to the said facilities.

(vii) Heating, climate control and hot water facilities

Furthermore, the Fluidra Group is subject to the fulfilment of a number of obligations related to heating, climate control and hot water facilities.

Royal Decree 1751/1998, dated 31 July (hereinafter called "**Royal Decree 1751/1998**"), which adopts the Regulation for Thermal Installations in Buildings and their Complementary Technical Instructions and whereby the Advisory Commission for Thermal Installations in Buildings is created constitutes the basic state regulation for this type of facility.

The obligations laid down by Royal Decree 1751/1998 highlights the requirement for preliminary authorisation by the competent body of the Regional Government on the presentation of an establishment project approved by the competent professional body in order to ensure the conditions of hygiene, safety and energy efficiency of the thermal installations.

(viii) Oil installations

Within the framework of the activities carried out by the Fluidra Group (especially the Cepex Group), the regulation governing oil installations is also applicable, constituted fundamentally by Royal Decree 2085/1994, dated 20 October, which adopts the Oil Installations Regulation, whose purpose is to lay down the technical specifications to be met by oil installations devoted to the refining, storage and distribution of liquid fuels and fuel products in order to obtain a sufficient level of safety in accordance with the current state of the science to protect people and goods, and Royal Decree 1523/1999, dated 1 October and its Complementary Technical Instructions.

(ix) Fire protection,

Royal Decree 2267/2004, dated 3 December (hereinafter called "**Royal Decree 2267/2004**"), which adopts the Fire Safety Regulation in Industrial Establishments shall also be applicable to the activities carried out by the Fluidra Group.

Royal Decree 2267/2004 lays down and defines the conditions to be complied with by the establishments and installations of industrial use for safety in the case of fire in order to prevent its appearance and, in the case of its appearance, provide the appropriate response, limiting its propagation and enabling its extinction, in order to cancel or reduce damages the fire may cause to people and goods.

(x) Pressurised appliances

Taking into account the characteristics of the activity carried out by the Fluidra Group, as well as the installations in which it carries out its production process, mention must be made of the provisions governing the safety of pressurised appliances, which are laid down essentially in the partially repealed Royal Decree 1244/1979, dated 4 April, which adopts the Pressurised Appliance Regulation (hereinafter called the "**PAR**"), In particular, these provisions affect the activities of the Cepex and Neokem groups.

The PAR regulates the obligations to be met by the manufacturers and users of the appliances used for the production, storage, transport and use of pressurised fluids in its scope of application, laying down that they shall be subject to the provisions, technical inspections and tests determined by the PAR itself.

The Group observes –the main provisions of- the regulations that are applicable to its activities, For further information on this issue see section 8,2

5.1.5. Important events in the development of the issuer's activity

5.1.5.1. The origins of the Group

2002: The Fluidra Group was created in 2002 to join together the company groups **Auric Pool and AstralPool**, which, since 1969 and through a growing number of subsidiary companies, had dedicated their efforts to the design, manufacture and distribution of swimming pool accessories and components, The company groups **Auric Pool and AstralPool** were the result of bringing together various companies that were set up by the founding partners, These partners are still majority shareholders in the Fluidra group.

During the same year of 2002, Banco de Sabadell became a shareholder in the Company, with a holding of 20,04%.

2003: The year 2003 saw the opening of the logistics operator Trace Logistics in Maçanet de la Selva (Girona), which involved an investment of €18 million.

The same year also saw the purchase of a majority shareholding in Manufacturas Gre (Spain) and Certikin International (United Kingdom).

2004: In 2004, the Group focused its expansion efforts on the Asian market through the incorporation of two companies in China (Shanghai and Beijing) and one in India, Accordingly, the Fluidra Group established its position as a multinational organisation, with its own branch offices in thirty (30) countries and a distribution network covering more than 170 countries.

In the same year, the Group purchased a significant holding in the company SSA (Austria).

2005: In 2005, as a result of Fluidra's interest in strengthening its position of Asian markets, the first acquisition of a Chinese company was made, The company was devoted to the manufacture of swimming pool accessories (**Dongchuan**), In addition, as a result of Fluidra's contributions of the World Swimming Championships in Barcelona (2003), the International Swimming Federation (**FINA**) and Fluidra signed a collaboration agreement whereby the company became this organisation's official provider and it will continue to supply all world events until 2008.

2006: In March 2006, the Fluidra Group incorporated three business groups into its structure: Cepex, Neokem and SNTE, With this purchase, the Group extended its activity to new sectors such as water treatment (on both a domestic and industrial scale), applied fluid piping, agricultural irrigation and the irrigation of green areas (in other words, the WATER division, which shall be described in detail in the section titled "Description of the business").

The Group increased its technological know-how with the incorporation of the Spanish company ID Electroquímica, S,L, (hereinafter called "**IDEGIS**"), which develops innovative solutions for the treatment of water based on saline electrolysis, the regulation of pH and chlorine values,

In addition, the purchase of the company Astral Pool Australia pty ltd (FORMERLY Hurlcon Holdings PTY LTD) allowed the Fluidra Group to reinforce its position on the swimming pool market in Australia, Furthermore, the group purchased a majority holding in the German company MTH-Moderne Wassertechnik AG (MTH), with which the Group established its presence on one of the most important European markets,

2007: In 2007, the Fluidra Group has fostered its position on the European irrigation market with the purchase of the companies Irrigaronne, S.A.S, (France) and Master Riego, S.A. (Spain).

In addition, Fluidra has strengthened its presence on the domestic water treatment market by purchasing shares in ATH Aplicaciones Técnicas Hidráulicas, S.A. (hereinafter called "ATH"),

The Extraordinary Meeting of Shareholders held on 5 September 2007 changed the company's corporate name from Aquaria de Inv, Corp,, S.A. to Fluidra, S.A.

5.2. Investments

5.2.1. Description of the main investments in each year for the period covered by the past financial information to the date of the registration document

The following tables give details of the additions of tangible fixed assets (purchase price), intangible assets and non-current financial assets of the Fluidra Group, at consolidated level, during the years 2004, 2005 and 2006, classified in accordance with their nature:

THOUSANDS OF EUROS				
Additional Fixed Assets	**EU-IFRS**		**PGC**	
	2006	**2005**	**2005**	**2004**
Industrial property	301	247	247	136
Computer applications	436	288	288	475
Development spending /Research and development spending	1,000	-	1,055	829
Leased assets	-	-	1,213	1,850
Goodwill	-	-	-	425
Other	46	217	217	16
Total intangible assets	**1,783**	**752**	**3,020**	**3,731**

THOUSANDS OF EUROS				
Land and buildings	1,495	2,607	2,283	3,911
Technical facilities and machinery	5,681	5,341	4,731	272
Other facilities, tools, fixtures and fittings	8,061	5,510	5,331	6,724
Other assets	1,913	1,048	948	481
Assets in process	6,916	2,266	2,267	739
Total fixed assets	**24,066**	**16,772**	**15,560**	**12,127**
TOTAL ADDITIONAL FIXED ASSETS AND INTANGIBLE ASSETS	**25,849**	**17,524**	**18,580**	**15,858**

The following shows the main investments in each section:

- **Intangible assets:**

  The most significant additions of intangible assets completed during the year 2004-2006 correspond to the following:

  - Development expenses capitalised during the year 2006 for the development of a multipurpose modular swimming pool concept for holding different types of swimming competitions in one single swimming pool, The amount capitalised was 1000 thousand euros and corresponds to the development of the project and the prototype. This technology shall allow the improvement of the Skypool technology commercialised at public swimming pool level, The financial years 2004 and 2005 in PGC also include R&D expenses for the amount of €829 and €1055 thousand respectively,
  - Expenses paid for the acquisition of industrial property rights, Typical concepts in industrial property include, among others, invention patents,

trademarks or distinguishing production and trading signs, protection certificates, commercial names, etc,

- Amount paid for the ownership or rights of use of computer programmes, with multi-annual use, as well as the expenses arising from the implementation and adaptation for specific uses by the Fluidra Group of various financial and operative management applications,
- In the General Accounting Plan, the years 2004 and 2005 include the rights over financial lease assets, which correspond to tangible assets financed through leasing, basically moulds, facilities and machinery,

- **Tangible fixed assets:**

The main purpose of the investments made in tangible fixed assets during the period 2004-2006 was the improvement or maintenance of the production capacity of the existing production plants, as well as the acquisition and conditioning of new production plants,

The most outstanding additions to tangible fixed assets during 2006 correspond to the following:

- Technical installations and machinery: The amount of the investments made in this section totals 5600 and €81 thousand, The most significant investments in this item include the following:
    - New Poltank production installations (manufacture, assembly and cutting) for the amount of €2791 thousand,
    - Automation of the assembly process for ball valves in the Cepex installations for an investment value of €902 thousand,
    - Machine for winding industrial swimming pool filters in Servaqua, with a global investment amount totalling €370 thousand,
    - Purchase of a cutting and welding machine in ECA for the amount of €353 thousand,
    - Investment in Swimco in beach graders, omega graders and tooling for improvements to the oval welding machine, for a total value of €993 thousand,
    - Other lower investments for the purchase of new machinery and the adaptation of production facilities in Metalast, Togama, Sacopa, Ningbo Linya, Inquide and by the group of companies led by Cepex Holding,
- Other facilities, tooling and chattel goods: The amount of the investments in this item totals €8,061 thousand, including the following:
    - Adaptation and improvement of the commercial facilities of the group of companies led by the holding AstralPool (India,

SinPGCore, Bulgaria, Spain, etc,), hereinafter called AstralPool, for the amount of €2514 thousand.

- Adaptation of the facilities in the premises located in La Garriga (Cepex Holding) for the amount of €1340 thousand.
- Purchase and manufacture of new moulds, mainly in Cepex Holding, and the companies led by the Auric Pool holding, hereinafter called "Auric Pool", for a value of €2108 and €1510 thousand, respectively, for the development of new products and for the replacement of current products, Investments were also made in moulds in the company groups led by the European Corner holding, in the company groups led by Swimco and in the company groups led by SNTE Agua Group for a global amount of €521 thousand.
- Other lower investments, mainly in the adaptation of the facilities of subsidiary companies or in the opening of new facilities.

These investments have been financed by mid-term loans for a total amount of €14,860 thousand, The rest has been self-financed.

The most representative additions of the tangible fixed assets carried out during 2005 as follows:

- Technical installations and machinery: The amount of the investments made in this section totals €5,341 thousand, The most significant investments in this item include the following:
  - Improvements to technical installations in the logistics centre of Trace Logistics for the amount of €783 thousand, which mainly include dynamic shelves, P2L, height rejection and new lines, to adapt its facilities to external clients.
  - Purchase of new machinery for production processes in Auric Pool for the amount of €3774 thousand, In particular, the new fast injection machines in Sacopa (€895 thousand); punch machine in Metalast (€568 thousand); new furnace and extension of current furnaces in Togama (€432 thousand); injection machine in Productes Elastomers (€404 thousand) and machinery for projecting and painting, applying raw materials, cutting and polishing in Poltank (€261 thousand).
  - Purchase of new machinery (welding, graders, etc,) for Manufacturas Gre for the amount of €447 thousand.

- Other facilities, tooling and chattel goods: The amount of the investments in this item totals €5510 thousand, including the following:

- Improvements in the installations of the international delegations of AstralPool for the amount of €1393 thousand.
- Improvements in building and installations at the Central Office of Certikin International in Witney (Great Britain) and its delegation in Leeds, for a total amount of €348 thousand.
- Conditioning and improvement of the new Poltank premises in La Garrotxa for the amount of €597 thousand.
- Purchase and replacement of new moulds due to the incorporation of new products in Auric Pool and European Corner for the amounts of €2472 thousand and €567 thousand, respectively.

These investments have been financed by mid-term loans for a total amount of €19,294 thousand.

The most outstanding additions to tangible fixed assets during 2004 correspond to the following:

- Land and Buildings: The amount of the investments in this item totals €3911 thousand, including the following:
    - Purchase and conditioning of facilities in the new premises in the USA, with a total investment of €1342 thousand, for the manufacture of public filters.
    - Purchase of land and buildings in Hungary and Poland for a total amount of €719 thousand, for the implantation of new delegations in the said countries.
    - New Poltank industrial filter plant in La Garrotxa for the amount of €1206 thousand.
- Other facilities, tooling and chattel goods: The amount of the investments in this item totals €6724 thousand, including the following:
    - Investment in new delegations in southern Europe for the amount of €915 thousand for the refurbishment of AstralPool España's offices and the adaptation of AstralPool's new image.
    - Improvements in the facilities of the logistics centre of Trace Logistics for the amount of €598 thousand and the adaptation of the installations of Certikin International for the amount of €500 thousand in its central offices in Oxford and in its delegation in the north (Leeds) to improve the operation of the warehouse.
    - Extension of the production capacity with the purchase of injection machines and improvements in the current low-pressure facilities in Sacopa, with the total amount of €2913 thousand.

- Investment in the opening of the production plant in machinery and installations in Ningbo Linya (China), for the amount of €508 thousand.
- Purchase and replacement of new moulds for Auric Pool and European Corner, for a total amount of €1250 thousand.

These investments have been financed by mid-term loans for a total amount of €15,271 thousand, The rest has been self-financed.

<u>Takeovers of new companies during the period 2004-2006</u>

The following are details of the most important takeovers of new companies during the years 2004, 2005 and 2006:

- On 11 October 2006, the Group took over 67% of the share capital of the company Comercial de Exclusivas Internacionales Blage, S.A., which is devoted to the marketing of swimming pool products, This company was purchased for 2,211 thousand euros, As a result of the said takeover, the vendor undertakes to sell and the Group undertakes to buy, after notice by either party, 20% of the share capital of the said company, whose term runs from 1 January 2007 to 31 December 2010, The price of the exercise of the sale option shall be the result of multiplying the net after-tax profits by six plus the equity corresponding to the said shares for the last year closed immediately prior to the date on which the sale commitment is formalised, At 31 December, the Group has recorded current liabilities for the current value of the price of the aforementioned right totalling the amount of €864 thousand and it no longer recognizes the value in the retail registers, This takeover was financed by an eight-year bank loan due in October 2014 at a variable interest rate reference to the 3-month Euribor rate plus a differential of 0,50%.
- On 9 August 2006, the Group purchased 100% of the share capital of the Australian company Astral Pool Australia PTY LTD, which is devoted to the purchase, sale, manufacture and distribution of special equipment and products for swimming pool maintenance and water treatment systems, It is likewise the parent company of a group of companies located in Australia, for the amount of €10,973 thousand, This takeover was financed by a seven-year bank loan due in October 2013 at a variable interest rate referenced to the 6-month Euribor rate plus a differential of 0,65%.
- On 26 July 2006, the Group purchased 60% of the share capital of the company I,D, Electroquímica, S,L (Idegis), whose activities involve the marketing and distribution of machinery and the development of processes for electrochemical reactors, As a result of the aforementioned purchase, a purchase option has been agreed corresponding to the Group for 10% of the share capital of the said company, the term for which shall begin when the after-tax profits reach the figure of €1650 thousand and shall end on 31 December 2017, The price of the purchase option is subject to the evolution of the said company's results up to the moment the option is exercised, with a minimum of €1155 thousand, Furthermore, the Group has awarded a sale

option to the minority shareholder for 30% of the share capital in the said company, the term for which runs from 1 January 2018 to 31 December 2023, The price of the sale option is subject to the evolution of the said company's results up to the moment the option is exercised, The amount of the purchase is €3300 thousand, financed by an eight-year bank loan due in October 2014 at a variable interest rate referenced to the 3-month Euribor rate with a differential of 0,50%.

- On 30 March 2006, the Group took over the businesses developed by Neokem Grup, S.A. (Neokem) and Cepex Holding, S.A. (Cepex), and purchased all the shares in ADBE Cartera, S.A. (ADBE), the two first being the parent companies of their respective groups, through an increase in Fluidra's capital of €79,610 thousand, Some of the Group's shareholders were shareholders in the groups that were taken over, where they had no control over the businesses and shares that were purchased, In relation to ADBE, the main asset consisted of a 50% holding in the company that owned a piece of property, The other 50% in the aforementioned company was partly held by the Group, As a result of all this transaction, a goodwill of 21,805 thousand euros was created, as indicated in section 20.
- On 28 February 2006, the Group purchased 100% of the share capital of the company SNTE Agua Group, S.A., the parent company of a group of several companies, which is devoted to the manufacture and distribution of equipment for treating domestic and swimming pool water supplies, for the amount of €6,800 thousand, This takeover was financed by a five-year bank loan due in May 2011 at a variable interest rate referenced to the 6-month Euribor rate plus a differential of 0,50%.
- On 2 February 2006, the Group purchased 80% of the share capital of the German company MTH-Moderne Wassertechnik AG, which is devoted to the purchase, sale and manufacture of specialised machinery, equipment and products for the maintenance of swimming pools and water systems, As a result of the aforementioned purchase, the Group has awarded a sale option to the minority shareholder for the remaining 20%, the term for which runs from 1 January 2008 to 31 December 2009, The price of the option shall be the result of multiplying by eight the average of the said company's results up to the time the option for the 20% is exercised, At 31 December 2006, the Group has recorded non-current liabilities for the current value of the price of the aforementioned right totalling the amount of €430 thousand and it no longer recognizes the book value of the minority holdings, The holding is valued at €1757 thousand, This takeover was financed partially by €1500 thousand with a five-year bank loan due in October 2011 at a variable interest rate referenced to the 6-month Euribor rate plus a differential of 0,50%, The rest was self-financed.
- On 15 April 2004, the Group purchased 49% of the Austrian company Schwimmbad-Sauna-Ausstattungs GmbH (SSA), which is devoted to the marketing of swimming pool products, for the amount of €2117 thousand. On 10 January 2006, the Group purchased the additional 25% of the share capital of the Austrian subsidiary Schwimmbad-Sauna-Ausstattungs GmbH

(SSA) for an amount of 1,624 thousand euros, in which it already held 49%, continuing in a situation of joint control by virtue of the agreements by and between the shareholders, The Group has awarded a sale option to the minority shareholder for the remaining 26% of the share capital, the term for the exercise of which expires on 30 September 2010, extendable up to 2012, So that the said option can be exercised, the average profits of the company from the date of the first purchase must be greater than €694 thousand, The price of the sale option totals €1900 thousand, As the control of the business has not been obtained, this purchase is not considered as an acquisition by stages and, therefore, the proportion of the net assets of the first purchase has not been revalued, The reasonable value of the option at 31 December 2006 is considered irrelevant, given the favourable evolution of this company's results, This takeover was financed partially by €1000 thousand with a five-year bank loan due in September 2009 at a variable interest rate referenced to the Euribor rate plus a differential of 0,50%, The rest was self-financed.

Main investments during the first half of 2007

The additions in intangible assets corresponding to the six-month period closed at 30 June 2007 total €3,519 thousand, These investments include the subscriptions of expenses accrued in the various development projects being carried out by the Group for the amount of €1480 thousand, in accordance with the swimming pool and water treatment product developments.

The additions in tangible fixed assets corresponding to the six-month period closed at 30 June 2007 totalled €14,197 thousand and correspond basically to the investment in moulds for new products with a self-financed amount of approximately €1809 thousand, Mention must also be made of the current investment in the new Hydroswim premises in France for the manufacture of swimming pool filters totalling an approximate amount of €1800 thousand financed through leasing, With regard to production facilities, mention must be made of the improvements to the Poltank premises s1 and s2 for the amount of €320 thousand, as well as the investments made in Inquide for salt water treatment to improve the productivity of the plant, which total €701 thousand, These investments have been financed by long-term loans.

Investments have also been made in machinery, especially those made by Cepex in automatic robots and other machining machinery for an approximate amount of €561 thousand, as well as ECA’s ladder cutting machine for the approximate amount of €200 thousand.

No additions in non-current financial assets have arisen during the six-month period closed at 30 June 2007.

The company has taken over companies for the amount of €25,993 thousand, as detailed below:

- On 20 February 2007, the Group purchased 100% of Groupe Irrigaronne and its subsidiaries (Irrigaronne, Airria-Irrivert and CFI Environnement), with a revenue of approximately €20 million, for an amount of 13,031 thousand euros, The Group is devoted to the assembly and repair of hydraulic installations related to irrigation, agricultural hydraulics and motorculture, As a result of this operation, goodwill to the amount of 6,247 thousand euros was generated, as described in section 20.

  This acquisition was financed by a seven-year bank loan of 12,800 thousand euros, which is due in February 2014 and at a variable interest rate that is referenced to the 12-month Euribor rate plus a differential of 0,50%.

  - On 2 April 2007, the Group purchased 80% of ATH Aplicaciones Técnicas Hidráulicas S,L,, a company with a turnover of around €18 million, to strengthen its presence on the water treatment market, The company is devoted to the wholesale and retail of machinery, materials, tools and accessories for water treatment facilities, Such acquisition has been realised for an amount of 9,842 thousand euros, As a result of the aforementioned purchase, the Group has awarded a sale option to the minority shareholder for the remaining 20%, the term for which runs from 1 January 2010 to 31 December 2012 and the price is subject to the evolution of the said company's results during the two periods prior to the date of the exercise of the option, If the sale option is not exercised, the Group would have the right to exercise a purchase option corresponding to the said percentage to be exercised between 1 January 2013 and 31 December 2018 with the same price formula as the above, At 30 June 2007, the Group has recorded non-current liabilities for the current value of the price of the aforementioned right totalling the amount of 2243 thousand euros and it no longer recognizes the book value of the minority holdings, As a result of this acquisition, goodwill amounting to 3,744 thousand euros has been generated, as described in section 20 of this prospectus, This purchase was financed by a seven-year bank loan of 8500 thousand euros due in March 2014 at a variable interest rate referenced to the 12-month Euribor rate plus a differential of 0,50%.

  - On 8 March 2007, the Group exercised a purchase option over 20% of Comercial de Exclusivas Internacionales Blage S,L, (CEIBSA) as agreed in the contract of sale signed on 11 October 2006, cancelling the registered liabilities, In addition, the Group has purchased an additional 1,8%, The total amount of the purchase is 954 thousand euros, financed by an increase in the original loan of 1000 thousand euros under the same terms and conditions, The goodwill generated as a result of this acquisition is 79 thousand euros, as described in section 20,

- On 18 May 2007, the Group purchased 86% of the share capital of Master Riego S.A. The company markets all types of materials for water sprinklers, As a consequence of the aforementioned purchase, a purchase option has been agreed by the Group corresponding to the remaining 14%, the term for which runs from 1 January 2010 2 1 January 2015 and its price is subject to the evolution of the said company's results in the year prior to the exercise of the option, The purchase cost is 4881 thousand euros, This operation generated goodwill amounting to 3,289 thousand euros, as described in section 20 of this prospectus. This purchase was financed by a seven-year bank loan of 4500 thousand euros due in May 2014 at a variable interest rate referenced to the 12-month Euribor rate plus a differential of 0,50%,

5.2.2. **Description of the main investments currently in progress, including their geographical distribution (national and abroad) and the method of finance (internal or external)**

At 31 December 2006 the Group has investments in progress for an amount of 5,222 thousand euros,

Most of the investments correspond to the industrial department, The most significant to date are as follows:

- Advances to mould and machinery suppliers in Cepex for the amount of €966 thousand, as certificates for the said equipment,

- Computer application projects in progress, for a value of €933 thousand, corresponding to the change of the bookkeeping and management application “Movex” and to new personnel applications ("PeopleSoft"),

- Investment in new bottle production premises for descaling in Servaqua for the amount of €317 thousand,

- Investments for improvements and industrial maintenance of the facilities and machinery at Auric Pool for the amount of €2274 thousand,

At 31 December 2006, there are no investments in progress in the international subsidiaries for any significant amount,

Most of the investments are financed using outside resources, through bank loans,

At 30 June 2007, the investments in progress total €6,005 thousand, During this period, there have been outgoing fixed assets in progress totalling €1562 thousand and incomings totalling €2396 thousand, The incomings come mainly from:

- Investments for improvements and industrial maintenance of the facilities and machinery at Auric Pool for the amount of €657 thousand, which shall end in the second half of 2007,

- Investments for improvements and industrial maintenance of the facilities and machinery in Cepex Holding for the amount of €587 thousand, which shall end in the second half of 2007,

- Investments in sale and water treatment to improve the productivity of the plant and improve the packaging section at Inquide S.A.U. for the amount of €676 thousand,

5.2.3. Information about the issuer's main future investments on which its management bodies have already adopted firm commitments

The future investments in intangible assets and tangible fixed assets adopted by the management bodies for the year 2007 represent an amount of €23,841 thousand, The said amount includes the investments made during the first half, as detailed in section 5,2,1,

The investments made in the acquisition of new companies are adopted individually and not systematically in an investments plan adopted by the management bodies,

In relation to investments in intangible assets, the amounts for this item total €1967 thousand, The main purpose of the investments corresponds to industrial property (trademarks and patents) and to the implementation of new management and or bookkeeping applications (Movex, PeopleSoft),

The investments in tangible fixed assets can be summarised in the following main items:

- Land and Buildings: The most important investment refers to the construction of new industrial premises in France for the manufacture of swimming pool filters for the company Hydroswim, with an investment of €2000 thousand
- Installations: The anticipated total investment of the Group is €8,623 thousand, The purpose of the said investments is to improve existing facilities, opening up and changing the location of local offices, They shall be mainly carried out by AstralPool in Spain, Portugal, France, Great Britain, Hungary and other countries, with a total amount of €2710 thousand, In addition, it includes investments in improvements for the production facilities, especially the following: Conditioning of the facilities in the new stainless steel sheeting production premises at Metalast for the amount of €577 thousand, Improvement and adaptation of the facilities in premises 1 and 3 at Poltank with an investment value of €287 thousand. The premises shall be used to manufacture high-performance filters, commercial filters in polyester (rolled and wound), drains, slides and diving boards, In the company Inquide, investments in salt water treatment to improve the productivity of the plant and improve the packaging section shall be made for the amount of €1876 thousand, At Inquide Flix, investments shall be made in the manufacture of ATCC with an estimated investment value of €525 thousand,
- Machinery: The anticipated total investment is €3600 thousand, mainly in the Auric Pool and Cepex holding, These include the purchase of sheeting laser machinery at Metalast (€480 thousand), automated robots and machinery for

welding filters in Sacopa (€400 thousand), a ladder cutting machine at ECA (€250 thousand), automatic robots, valve injection machines and other machining machinery at Cepex (€740 thousand),

– Moulds and tooling: The anticipated investment amount is €5,249 thousand, which would be focused on the Auric Pool holding with €1769 thousand, European Corner with €672 thousand and Cepex with €2358 thousand,

– Chattel goods, computer equipment and office material: The amount of the investments totals €1039 thousand, where the most important item is the renewal of the computers (€664 thousand),

– Transport elements (internal and external): The total amount of the investment in these assets is €493 thousand,

– Other fixed assets: The said item represents the amount of €510 thousand,

There is no intention to make investments in non-current financial assets,

These assets will be financed mainly by outside bank funds, combined to a lesser extent with the resources generated by the companies,

Acquisition of SAS Pacific Industrie

On 1 October 2007, the Fluidra Group, through Auric Pool, S.A.U,, entered into a purchase agreement whereby it bought 80% of the shares in the French company SAS Pacific Industrie, for a fixed amount of 6,560 thousand euros to be paid in 2008 and an maximum variable amount—depending on the progress made by the company over the coming financial years— that will be payable, if applicable, in future financial years, There is a mutual commitment with regard to the future acquisition of the remaining 20% of this company's shares, SAS Pacific Industrie is devoted to the manufacture and sale of saline chlorination systems for private swimming pools, and it has a strong foothold on the French market,

Through the acquisition of this company, Fluidra has strengthened its position as a global provider of solutions based on saline electrolysis that covers the needs of private and public swimming pools, It has three established manufacturing and assembly plant that are located in Spain, France and Australia,

SAS Pacific Industrie obtained net sales of 6,726 thousand euros in the financial year closing in September 2006 and a net result of 1,179 thousand euros in the same year,

6. DESCRIPTION OF THE BUSINESS

6.1 Principal activities

6.1.1 General presentation of the Group

The Fluidra Group is a multinational business group oriented towards the sector of swimming pools, applied fluid transfer and water treatment, comprised of production plants and commercial branches,

Fluidra constitutes a Spanish industrial group with great international presence, It employs –at 31 December 2006- over 3200 people and has 39 production locations around the world, characterised by the high degree of specialisation of its products, a circumstance which implies a need for the most advanced technology,

The objective of the international implementation of manufacturing is to accompany distribution to meet the demands of different markets in three large geographic areas: EU, Asia-Oceania and America,

Through its international network of 152 commercial branches, the Group seeks proximity to the client, an increase in market share and to transfer the changing needs of each one of the current and potential markets to its development and innovation structure,

The strategy of Fluidra in its POOL division consists of investing in products of added value, thus marking the trend to be followed in the market,

The Fluidra Group uses different types of production technology, always bearing in mind criteria of sustainability, both in the manufacturing processes as well as in the marketing of the products,

Technological innovation, respect for the environment, a vocation for service and social commitment are also guiding principles of the work in the Group, Fluidra furthermore possesses an integrated structure of R&D+i, production and marketing,

Given the production structure of the Fluidra Group, where approximately 70% of the products marketed are manufactured internally, a large part of purchasing is devoted to raw materials and basic production components, In this sense, the main raw materials bought by the production companies are ABS, PVC, polypropylene, stainless steel, resins, fibreglass, packaging, plastic packing products, cyanuric acid, caustic soda, glass and aluminium, The main components purchased are nuts and bolts, washers, electric motors and valves,

However, the distribution companies of the POOL and WATER divisions also distribute a catalogue of products manufactured by third parties, The objective of the Fluidra Group is to maintain stable relationships with the main suppliers of finished products, working together with the purpose of developing better solutions and products for the clients,

In the financial year 2006, the largest supplier in terms of amount bought did not exceed 11,5 million euros, This figure accounts for 4% of the total value of supplies for the aforementioned year, Both the POOL division and the WATER division are aimed towards the professional client, In this sense, the structure and form of the capillary network of distribution centres is completely oriented towards this type of client, At present, the Fluidra Group has a portfolio of more than 32,500 clients, and in the financial year 2006 none of them represented more than 2% of the consolidated turnover of the Group.

6.1.2 **Principal activity**

The Fluidra Group has two large areas of activity or divisions:

POOL division	WATER division
❑ Conception, manufacture and distribution of components and accessories for swimming pools	❑ Manufacture of valves and accessories in a wide range of plastic materials for the transport, control and distribution of fluids,
	❑ Distribution of sprinkler devices,
	❑ Manufacture and distribution of equipment and consumables for water treatment in domestic and industrial fields,

The WATER division was made part of the group in February and March 2006, The information provided in this section on this division is therefore limited the period subsequent to these months,

The following table shows the sales of goods and finished products of each one of the divisions of the Group and their specific weight:

(*) According to Company data, Includes sales between segments,

	2004 (in thousands of EUR) (*)		2005 (in thousands of EUR) (*)		2006 (in thousands of EUR) (*)		First quarter of 2007 (in thousands of EUR) (*)	
Total POOL	374,085	100%	405,991	100%	451,996	80%	315,485	74%
Total WATER	-	-	-	-	110,229	20%	109,839	26%
Total consolidated results	374,085	100%	405,991	100%	562,225	100%	425,324	100%

(1) Differs from total consolidated sales as sales between divisions are included,

Section 3,1,4, includes additional financial information for each of both divisions,

6.1.3 Key Factors

The competitive strength of Fluidra in the sectors in which it operates lies in the following Key Factors:

- **International presence**

The Fluidra Group is characterised by the strong international implementation of its subsidiaries, In this way, in view of any possible decrease in demand in a certain geographic area, the negative impact on the business would be less that that on a competitor with a local geographic scope of action,

In 2007, the sales recorded in Spain accounted for approximately 36% of the total turnover, International sales accounted for 64% of total turnover,

The following table includes the sales distribution by geographic area for the two divisions of the Fluidra Group, underlining the importance of its international presence:

	TOTAL FLUIDRA(*)					
	2006(1)		**2005**		**2004**	
Spain	189,463	36,3%	155,495	38,3%	139,908	37,4%
Rest of Southern Europe	160,757	30,8%	120,985	29,8%	113,348	30,3%
North and Central Europe	78,813	15,1%	69,424	17,1%	71,450	19,1%
East Europe	20,356	3,9%	15,834	3,9%	13,093	3,5%
Asia and Australia	41,755	8,0%	24,359	6,0%	19,452	5,2%
Rest of the World	30,794	5,9%	19,894	4,9%	16,834	4,5%
	521,938	100,0%	405,991	100,0%	374,085	100,0%

(*) According to the Company sources, Sales between segments are not included,

(1) It differs from the total POOL and WATER Sales by geographical area because the latter include sales between segments

Southern Europe: France, Belgium, Italy, Portugal, Cyprus, Greece, Malta; **North and Central Europe**: Germany, Austria, Denmark, Finland, Netherlands, Ireland, Iceland, Faeroe Islands, Luxembourg, Norway, United Kingdom, Switzerland, Sweden; **Eastern Europe**: Albania, Armenia, Bosnia, Bulgaria, Croatia, Slovakia, Slovenia, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Czech Republic, Slovak Republic, Rumania, Serbia, Ukraine, Yugoslavia, Belarus, Russian Federation; **Asia and Australia**: Australia, New Zealand, Armenia, Azerbaijan, Myanmar, Brunei, Bhutan, Cambodia, Fiji, Philippines, Georgia, Hong Kong, India, Indonesia, Maldives, Japan, Kazakhstan, Kyrgyzstan, South Korea, Laos, Malaysia, Mongolia, Nepal, New Caledonia, People’s Republic of China, SinPGCore, Sri Lanka, Taiwan, Tajikistan, Thailand, Turkmenistan, Turkey, Uzbekistan, Vietnam, Saudi Arabia, Bahrain, Dubai, Egypt, United Arab Emirates, Iraq, Iran, Israel, Jordan, Kuwait, Lebanon, Oman, Pakistan, Qatar, Syria, Yemen; **Rest of the World**: other countries,

The following table includes a breakdown of the assets, investments and sales by geographic segments in the financial years 2006 and 2005 (in accordance with the 2006 and 2005 EU-IFRS Consolidated Financial Statements), No information about the financial year 2004 has been included, because the breakdown by geographical segments has not been made until the financial year 2005,

	POOL		WATER		Non-assigned	Eliminated	Total
	Europe[1]	International[2]	Europe	International			
2006							
Assets	357,810	35,820	197,232	2,939	85,950	(18,799)	660,952
Sales	376,218	72,424	357,810	7,685	-	-	521,938
Investments	22,952	8,668	376,218	159	-	-	64,109
2005							
Assets	315,696	26,395	-	-	55,038	-	397,129
Sales	356,587	49,404	-	-	-	-	405,991
Investments	20694	988	-	-	-	-	21,682

(1) Europe: Spain and the countries wihtin the regions defined in the above table as Southern Europe, Central Europe, Northern Europe and Eastern Europe,

(2) International: countries not included in the above definition,

- **Integrated business model**

  Fluidra uses an integrated business model covering the activities of manufacturing and distribution, Such circumstance enables it to identify market needs quickly, adjusting the manufacture in an agile and flexible manner, while creating entrance barriers to potential competitors,

  Furthermore, the integrated business model enables the Group to diversify the risk in the stages of the chain of value in which it operates consolidating the appropriate margins for each one of the stages, The integrated business model is accompanied by a broad knowledge of the market and a pre- and post- sales service with high quality standards,

- **Breadth and depth of range**

  The flexibility of the production processes of the Fluidra Group, aimed at achieving the maximum adaptability to the needs of the client and continual innovation, enables the offering of great breadth and depth of range, difficult to find among the main competitors of the Group,

  This breadth of range helps combine basic product lines with other references incorporating greater added value, All this enables the diversification of markets and clients, with the object of avoiding dependence on a certain number of clients,

- **Culture of market consolidation**

  The Fluidra Group from the outset has followed a policy of purchasing companies, both national and foreign, It has gradually consolidated itself this way within the markets in which it operates, The purchase procedure is not limited to the incorporation into the Group of assets and products; it has as a key element the full integration of the staff of the entities acquired, circumstance which constitutes a significant source of synergy.

It is worth mentioning as examples of the foregoing the cases of acquisitions made in the financial years 2006 and 2007: Irrigaronne, S.A.S, (strengthening of the WATER division in the French sprinkler market), Astral Pool Australia PTY LTD (acquisition in the Australian residential swimming pool market) and ATH (Spanish company with experience in the distribution of equipment and solutions for domestic water treatment),

- **Committed and experienced management team**

  The Group has a committed and experienced management team, which involves itself fully in the development of the business,

  Fluidra has an established, very horizontal management structure providing the group with great agility in the execution of the strategy facilitating the achieving of results,

- **Multiple access to markets**

  The Fluidra Group uses various channels and commercial trademarks, depending on the degree of development and penetration in each market, This way of operating enables it to cover market positions in a complementary manner, accelerate commercial implementation, access new market segments and effectively confront competition in those markets in which it is already present,

- **Suitable risk management**

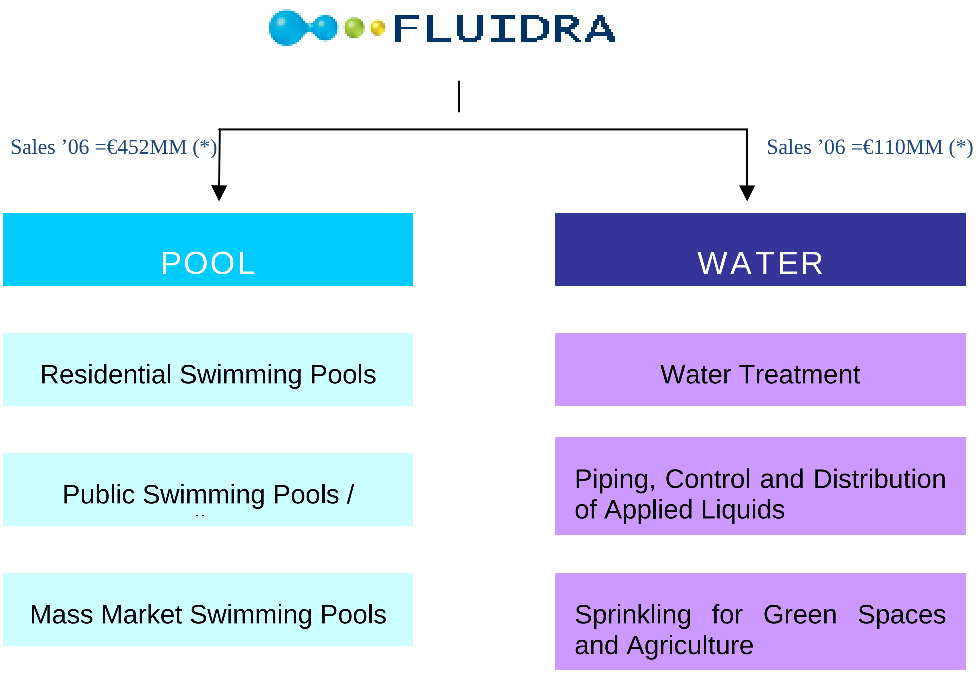
  From its beginnings, the Group has been managed with criteria of prudence and de minimising of risks, which is shown in the adopting of policies of diversification of (i) ranges of articles; (ii) geographic markets; (iii) clients and (iv) business sectors, within the general framework of activity of the Group,

6.2 Principal Markets

See the table relating to “International presence” included in the foregoing section 6,1,3 “Key Factors”,

6.3 Areas of business

Sales ’06 = € 452 m



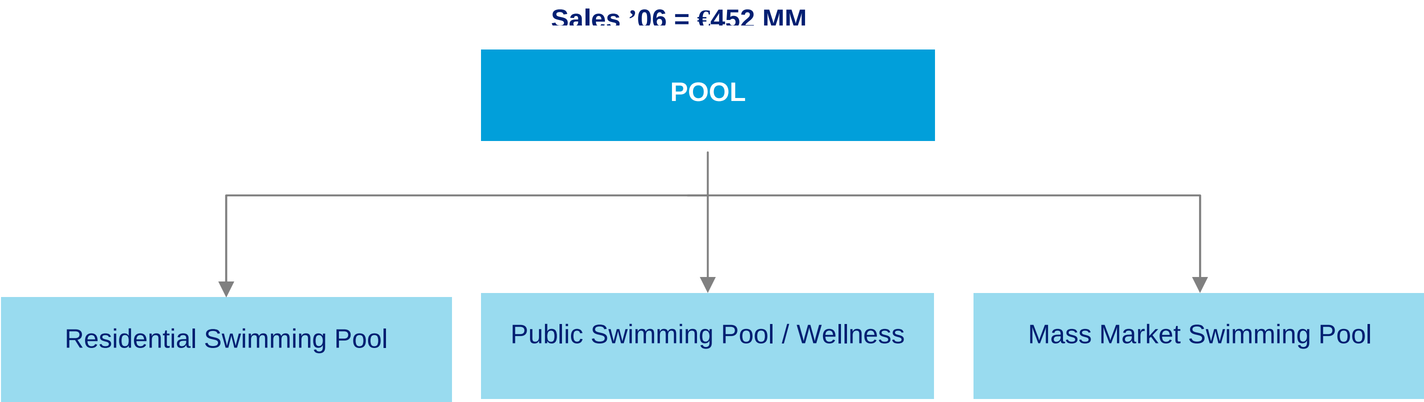
(*) Sales of goods and finished products

			2006			
(thousands of euros)	**Sales**	**% on Sales**	**EBITDA**	**% on EBITDA**	**Operating Result**	**% operating result**
POOL	451,996	80,4%	61,517	82,1%	48,284	92,0%
WATER	110,229	19,6%	13,436	17,9%	4,205	8,0%
TOTAL FLUIDRA (1)	562,225	100%	74,953	100%	52,489	100%
TOTAL CONSOLIDATED (2)	521,938	-	72,007	-	49,560	-

(1) Without excluding sales between divisions,

(2) Excluding sales between divisions,

6,3,1, POOL division



(*) Sales of goods and finished products

The following table includes the percentage of sales of the POOL division, distributed between lines of business:

	POOL					
	2006 (*)		2005 (*)		2004 (*)	
Residential swimming pool	332,217	73.5%	286,224	70.5%	261,485	69.9%
Public swimming pool / Wellness	85,879	19,0%	78,762	19.4%	68,832	18.4%
Mass market swimming pool	33,900	7.5%	41,005	10.1%	43,768	11.7%
	451,996	100.0%	405,991	100.0%	374,085	100.0%

(*) According to Company data, Includes sales between segments.

All business lines of the POOL division have had operating profits in the financial year 2006.

In the first half of 2007 the POOL division invoiced approximately 315 MM euros, compared to approximately 268 MM euros for the same period in the previous financial year.

Integrated model

See that referring to the "Integrated business model" included in section 6,1,3 "Key Factors".

International expansion

The Fluidra Group has its origins in the incorporating of companies oriented towards the manufacture of swimming pool accessories.

One key aspect in the development of the Group was the verification on the part of its managers that the European market was not structured in the distribution and channelling of the product towards the client, It was for this reason that the Group decided to create its own distribution network on a solid manufacturing base, also its own, All this, together with the constant effort towards geographically diversifying distribution points, became a fundamental axis for the international expansion of the Group and for increasing its share of the various markets in which it operates.

At 30 June 2007, the POOL business division joints together production and distribution companies which have 120 commercial branches that provide the company with direct commercial presence in 30 countries and supply products in 170 countries, providing employment to over 2,700 people.

The following table includes the proportion of sales by geographic area of the Group's POOL division in 2004, 2005 and 2006.

	POOL					
	2006(*)		2005(*)		2004(*)	
Spain	162,267	35.9%	155,495	38.3%	139,908	37.4%
Rest of Southern Europe	123,847	27.4%	120,985	29.8%	113,348	30.3%
Central and Northern Europe	79,099	17.5%	69,424	17.1%	71,450	19.1%
Eastern Europe	20,340	4.5%	15,834	3.9%	13,093	3.5%
Asia and Australia	42,940	9.5%	24,359	6.0%	19,452	5.2%
Rest of the World	23,503	5.2%	19,894	4.9%	16,834	4.5%
	451,996	100.0%	405,991	100.0%	374,085	100.0%

(*) According to Company data, Sales between segments are included

For a description of the geographical areas, see section 6,1,3 "Key Factors – International Presence",

Trademarks

The main distribution trademarks of POOL are ASTRALPOOL, CERTIKIN, and GRE.

Range of products

The factor determining the breadth of range of products offered by this division has its origin in the intention to offer the products demanded in each market.

The preferences of consumers in the USA are very different from those in Europe, In turn, within Europe the habits and preferences of the consumers are notably different from one country to another, Therefore, with the object of being able to offer diverse products for different markets, the managers of the Group were obliged to extend the range of products and offer a significant depth of range for each type of accessory or item of equipment.

The principal consequence of the extension of the Group's catalogue of products was the need to make production processes more flexible with the idea of making production batches of a lesser size profitable, This aspect was fundamental for commencing a differentiation in respect of the American manufacturer, which was operating with a more limited range and large production series.

Seasonal nature

One of the characteristics of the markets relating to the POOL division is the strong seasonal nature of their sales, concentrating in the northern hemisphere the majority of sales in the first half of the year (so, in 2006, approximately 60% of the sales of the POOL division took place in the first half of the year).

Sustainability

The undertaking with sustainability has been adopted by the Group as a fundamental aspect of its objectives, and covers all the processes developed by the Group in its business activities.

Production technology

The following table lists the main types of production technology used:

Name
Injection of thermoplastics
Blow moulding
Lamination, projection and reeling of polyester and fibre glass
Cold stainless steel transformation
Vitreous layering
Rubber processing

These forms of technology are used in the actual manufacturing plants located in Spain, France, Turkey, United Kingdom, USA, China, Australia, Germany, India and Mexico.

6.3.1.1. Corporate structure of the POOL division

The corporate structure of the POOL division consists of four holding companies: Auric Pool, AstralPool, Swimco and European Corner, The following table illustrates, in a simplified manner, the structure of the POOL division:

	HOLDING	DESCRIPTION
Manufacture	**AURICPOOL**	Industrial holding oriented towards the manufacture of components aimed at the residential swimming pool sector, public swimming pools / Wellness and Mass Market Swimming Pools.
Distribution	**ASTRALPOOL**	Multinational of professional channel distribution of residential swimming pools and public swimming pools / Wellness with its own trademark, with extensive international implementation and a predominant position in the markets in which it operates.
Distribution	**EUROPEAN CORNER**	Holding devoted to the professional channel distribution of residential swimming pools and public swimming pools / Wellness with trademarks, among others, Certikin, European Corner is a direct competitor of AstralPool, and is aimed at covering the niche market AstralPool is leaving free.
Distribution	**SWIMCO**	Holding devoted to the channel distribution of the European Mass Market Swimming Pool, accessories and consumables, under the Gre and Meip trademarks.

6.3.1.2. <u>Description of the POOL division</u>

The swimming pool sector can be defined as a market of equipment products which reach the end user on the advice of a professional.

The degree of development of the market varies according to geographic areas, The most mature market is the USA, followed by Europe, in particular France, which continues to grow consistently, In addition, there exist very young and, therefore, very poorly structured markets (such as, for example, India, China, Morocco or Eastern Europe).

Spain, which is the main swimming pool market for the Fluidra Group, is a market that has a medium growth rate where the number of newly-installed swimming pools grows every year, and where the concentration of the number of swimming pools per capita is still far from the mature markets such as the USA, Australia or France.

There exists a limited number of independent sources in the sector which in general either centre on the residential swimming pool market in the USA, or the reports have not been updated, The Fluidra Group has consulted reports on the sector by independent third parties which, together with its experience and data, have served as a base for the information contained in this Prospectus.

6.3.1.3. <u>Lines of business of the POOL division</u>

See section 6,3,1, "POOL division" of the Registration Document.

A. Residential swimming pool

A.1. Description of residential swimming pool

The Fluidra Group manufactures and supplies a complete range of items necessary in order to construct, maintain and enjoy privately owned and used swimming pools. The Fluidra Group does not participate in the design or civil works for the construction of the swimming pool.

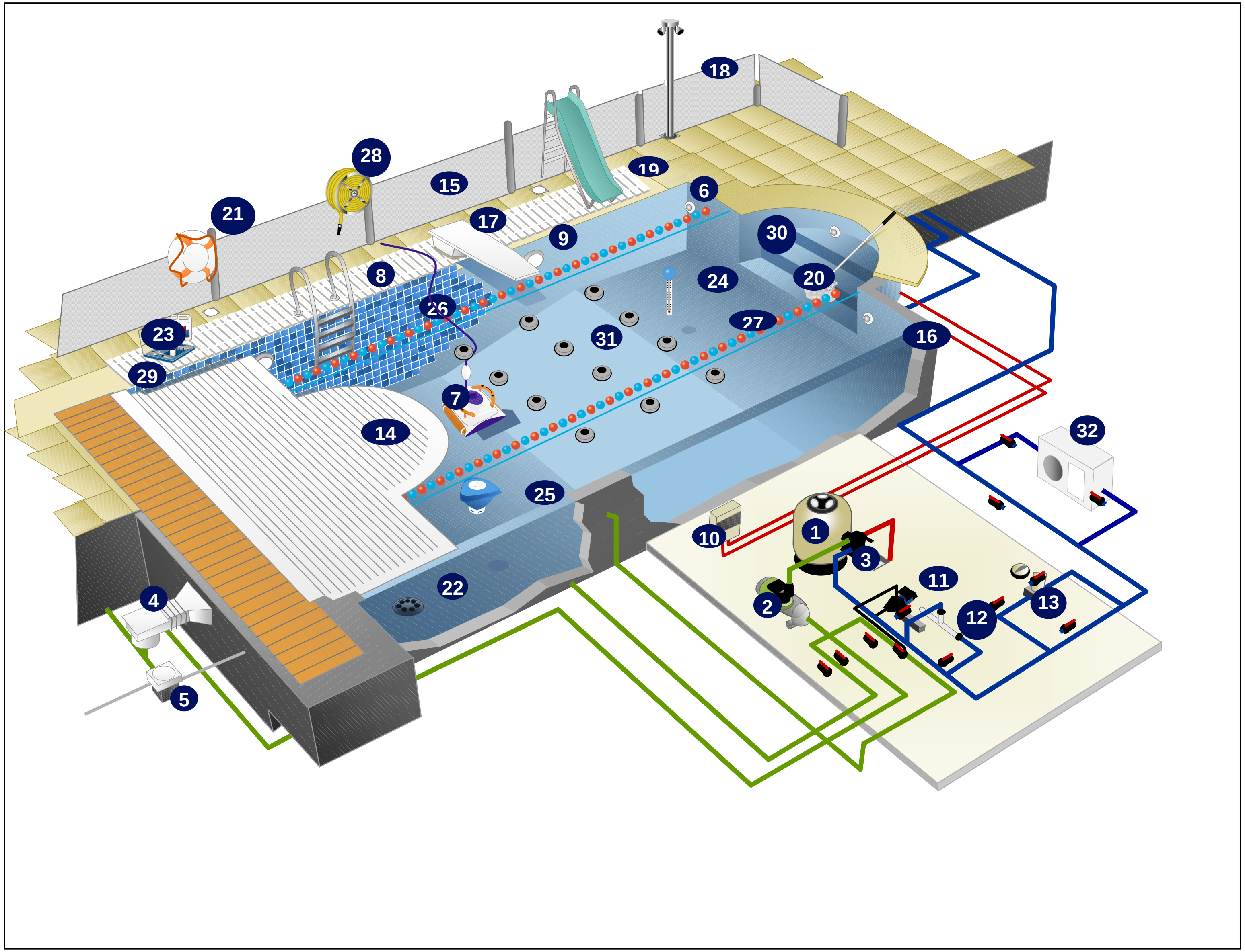
A,2, Product: residential swimming pool

The typical final cost of a residential swimming pool in Europe is in the region of 25,000 to 30,000 euros, Of this cost, approximately 25% is accounted for by products marketed by Fluidra (swimming pool components and accessories), The remainder of the cost can be broken down into approximately 48% for building work and 27% for building materials.

The following illustration shows the various components, elements and accessories comprising a swimming pool, as well as a basic operating diagram:

FLUIDRA

1. Filter
2. Pump
3. Selective Valve
4. Skimmer
5. Water-level regulator
6. Pressure jets
7. Automated pool cleaner
8. Steps
9. LED spotlights
10. Control box
11. Deep cleaning pump
12. Heat exchanger
13. Chlorine-level regulator
14. Automated pool cover
15. Safety barrier
16. Galvanized steel panels
17. Diving board
18. Showers
19. Slides
20. Manual pool cleaners
21. Lifejackets and storage
22. Drains
23. Water treatment products
24. Floating thermometer
25. Chemical dispenser
26. Gresite lining/ tiles
27. Floating lane markers
28. Hose storage
29. Overflow tank
30. Roman steps
31. Static pool cleaner
32. Heat pump



The basic operating diagram of a swimming pool, whether public or private, respond to the following circuit:

- The skimmer aspirates the water and cleans automatically the surface of the water while the drain enables the capturing of water from the deepest part of the swimming pool.
- The pump projects jets of water through the entire system and on reaching the filter solid particles are held in suspension.
- The water passes through the chemical treatment equipment, which disinfects it in order to guarantee it is safe for human health at all times.
- The water returns to the main pool through the jet mouths.

In addition, a swimming pool usually has a pool vacuum, an underwater projector and one or more sets of steps.

Furthermore, more and more swimming pools have an automatic cover and safety fence around them for energy-saving and safety reasons.

The offer of the **residential swimming pool** comprises the following ranges of product:

	Description	Reference number
Embedded products	They are in the pool itself and are underwater	10,200
External products	Defined by being totally or partially above water	1,000
Filtering products	The so-called “heart of the swimming pool”, relating to the physical treatment of water	5,500
Products for cleaning and control	For the chemical treatment of water, These are the products devoted to the maintenance of the swimming pool	4,800
Other products of added value	Any equipment adding a plus in respect of convenience, automation, safety or technology to the swimming pool,	12,200

A,3, Residential swimming pool market

Fluidra calculates the active residential swimming pool market comes to approximately 10 million worldwide, of which around 4,9 million are located in the USA, around 3 million in the EU and the rest in other countries, Each year around 626,000 new residential swimming pools are installed around the world, The market for residential swimming pools in the USA is mature, it has average growth levels in the EU, and is undergoing strong growth in countries classified as emerging, including countries of Eastern Europe, Asia and the Middle East.

In the USA, there exists a high level of concentration of distribution, where Pool Corp, is the main distributor of swimming pool products, In the EU distribution is highly fragmented, the Fluidra Group being the distributor with the most global presence in this geographical area, In the rest of the world, there is a significant number of local distributors of lesser relevance on a global scale.

A.4. Key Factors of the residential swimming pool

- **Different degree of development of each market**

In the more developed markets, the USA and the EU, business opportunities are associated with products with added value and greater sophistication, as well as with the renewal and improvement of existing swimming pools (the replacement business is undergoing growth).

In the emerging markets there exist numerous business opportunities, although initially advantage is acquired by those manufacturers or distributors already present, offering a range of products with a good price-quality ratio.

- **"Democratisation of the residential swimming pool"**

According to the contents of the previous section, an increase in the standard of living increases the number of clients and, as a result, the volume of business.

- **"Ecological concept": Management of water and sustainable use**

Growing preoccupation among citizens and legislation regarding this matter.

- **"Vertical" integration**

Possibility of the Group extending its range of services to the carrying out of projects/designs for swimming pools, with all the advantages this would imply (marking new trends, influencing advice).

- **"Push marketing"**

Opportunities for growth for products with added value through the creation of needs among consumers.

A,5, Distribution channel of the residential swimming pool

- This starts with the manufacturer: it sells to the distributor/wholesaler, large purchasing groups, constructors and developers.
- The foregoing collective sells to maintenance, installation and construction companies.
- Finally, the latter make the product reach the end user.

B. Public swimming pools / Wellness

B.1. Description public swimming pools / Wellness

The Fluidra Group manufactures and supplies a full range of items necessary for swimming pools devoted to collective use, and **Spa** and ***Wellness*** installations, As with residential swimming pools, the Fluidra Group does not carry out the civil works for their construction.

B.2. Public swimming pool / Wellness products

The equipment for a **public swimming pool** is basically the same as that explained above in the section on the residential swimming pool, The only difference is the size of the equipment, as they are normally larger swimming pools and, therefore, have a greater volume of water.

Among the specific products for public competition swimming pools are starting podiums, floating buoy lane-markers, buoy collectors, turning boards, and false start and backstroke indicators.

The installations for Spas are usually located in urban areas and comprise aesthetic and relaxation treatments through non-mineral medicinal water.

The products from the Wellness range are defined by their area of application:

- In the heated area there is the sauna, and a thermal or steam bath.
- In the cold area there is an ice fountain.
- In the water area the hydro-leisure elements are located (spas, waterfalls, cervical sprays, massage showers, water beds and normal showers).
- The relaxation area consists of thermal loungers, heated benches and relaxarium.

B.3. Public swimming pool / Wellness market

The Group calculates that the world market existing for public swimming pools / Wellness is approximately 672,000 swimming pools, of which around 296,000 are installed in the USA, approximately 242,000 en the EU and the rest in other countries, According to sources of the Company, around 43,000 new public swimming pools are built worldwide every year.

The market for public swimming pools / Wellness is experiencing growth in almost all the world, except in the USA, where there is a certain stagnation due to the maturity of the market.

In public swimming pools / Wellness, the distributor typically intervenes in all stages of the project, offering an integrated service.

This market has a less seasonal nature in sales for two reasons:

- The investor (hotel chains, public authorities, international swimming federations, among others) is not typically ruled by such impulsive purchasing guidelines as the buyer of the residential swimming pool, and

- Public swimming pools / Wellness are in general covered or heated, not therefore depending on weather conditions.

B.4. Key Factors of public swimming pools / Wellness

- **Great opportunities on a product and global complementary application level**

  As a consequence of the increase in the culture of leisure (diversification and increase in uses of the swimming pool) and of the culture of health and wellbeing *(wellness)*.

- **Competition swimming pools: High degree of versatility of use and applications offering the same technology**

  For example, a dismountable Olympic swimming pool or “various swimming pools in one” thanks to moveable backs and walls.

- **Innovation and development of products and technology**

B.5. Distribution channel of public swimming pools / Wellness

In the distribution channel of the public swimming pool / Wellness, two figures performing essential roles and which do not exist in the world of the residential swimming pool acquire relevance.

The advisor: this is the expert in design: Specialised architects and engineers and constructors.

The investor: this could be a body, public or private, which is the head of the construction project of the swimming pool or leisure centre / *wellness.*

In large-scale projects, such as competition swimming pools or leisure centres, the manufacturer directly manages the investor, cutting out the distribution channel, In the case of smaller-scale projects, the manufacturer tends to sell to a distributor, wholesaler or constructor, which in turn resells to the retailer (professional installer and constructor), which sells to the end consumer or investor.

C. Mass Market Swimming Pool

C.1. Description Mass Market Swimming Pool

Multiple models of raised swimming pools in kits for their assembly and use, as well as accessories and items related to such swimming pools.

C.2. Mass Market Swimming Pool Products

The main product of this business unit is the raised or above-ground swimming pool in its various types, versions and materials, They are usually round or oval and the diameters vary from 3 to 6 metres,

The offer is completed with equipment for filtering, heating systems, equipment for disinfection, a range of cleaning accessories, accessories for the swimming pool and chemical products for the maintenance of the water of the swimming pool,

Finally, products are offered related to leisure and relaxation, such as, for example, mid- to low-range portable Spas, solariums and saunas,

C.3. Mass Market Swimming Pool Market

It is difficult to calculate the world market for Mass Market Swimming Pools with any precision due mainly to the greater level of replacing of the product in comparison with residential swimming pools and public swimming pools / Wellness, whose installation implies civil works,

According to internal information of the Fluidra Group, it is calculated that each year there are sold in the EU approximately 145,500 family size raised swimming pools and above-ground swimming pools, of which 35,000 units come from the Fluidra Group,

In developed countries, the Mass Market Swimming Pool sector constitutes a very mature market with a tendency towards recession in the margins, This has been caused by the processes of market concentration, as well as by the establishing of Asian competitors which are entering strongly into a market where, for a large number of users, development, technology and innovation are of secondary importance, after the price,

Due to the speed and ease of the installation of the Mass Market Swimming Pool, the seasonal nature of sales is very high, The months immediately prior to the summer, as well as the actual summer months themselves, comprise almost the entirety of the sales of the Mass Market Swimming Pool,

C.4. Key Factors of the Mass Market Swimming Pool

- **Emerging markets undergoing full growth**

  They allow a geographic diversification of the distribution of the product, One clear example in this sense is the Eastern Europe market,

- **Trend towards single-family houses in EU countries**

  This circumstance strengthens the popular position of the swimming pool, and in particular, that of the Mass Market both due to its low price as well as due to the fact that it requires little space and is easy to assemble and maintain,

- **Increase in the culture of "D,I,Y,"**

  The sales of products in D,I,Y,, food or specialised centres helps promote the market of the dismountable swimming pool,

- **Lifespan of the product**

  The duration or lifespan of this type of swimming pool is usually around 3 to 4 years, After this period, the user tends to do one of two things: either repeat the purchase or migrate towards the construction of a residential swimming pool,

- **Presence of Asian competitors in the European market**

C.5. Distribution channel of the Mass Market Swimming Pool

In general, the product arrives from the Manufacturer / Distributor to the consumer and end user through channels oriented towards the Mass Market such as self-service food outlets, self-service D,I,Y,, specialised self-service and internet,

In the distribution channel of this sector there are also present small purchasing groups and swimming pool professionals, although to a lesser extent,

6.3.1.4. <u>POOL Division Competitors</u>

Residential Swimming Pools

The world Residential Swimming Pool market is controlled by large companies and groups, as listed below:

	Geographic focus	Type of shareholding	Activity	Description
POOLCORP		Listed	Distribution	Leading American distributor devoted to swimming pool equipment and accessories in the USA,
HAYWARD		Unlisted	Manufacture	Leading American swimming pool accessory manufacturer,
ZODIAC waterpik		Listed	Manufacture	Combination of business activities controlled by Carlyle (80%), which includes Waterpick's swimming pool

				accessory business,
Pentair Water		Listed	Manufacture	Leading American water treatment company and a leader in the swimming pool sector,

With the exception of companies in the USA and EU, companies are mostly smaller and operate locally, These companies end up joining large groups, either through acquisition or by forming part of their distribution networks,

In some cases, the business of the main stakeholders on the market is not limited to the swimming pool sector and they have other business divisions whose activities are related to the world of water (*Pentair Water*, for example), However, it is important to highlight that none of these companies are so well integrated in terms of manufacture and distribution as the Fluidra Group,

Public Swimming Pools/Wellness

The Public Swimming Pools/Wellness market is much more fragmented than the Residential Swimming Pool market,

The main stakeholders in the various business divisions are as follows:

Public swimming pools	Chadson and Fullham (Australia), Spark and Park (Pentair group) (USA), Epex (Brazil) and Emaux (China),
Temporary competition swimming pools	Myrtha Pools (Italy) and Yamaha Pools (Japan),
Wellness	USA Spa Builders (for example, Hot Springs, Sundance Spas, Dimension One and Jaccuzzi), Companies specialised in offering comprehensive solutions such as Klafs (Germany), Freixanet (Spain), Sorisa (Italy), Wedi (Germany) or Fluvo (France),

Mass Market Swimming Pool

At present the price marks the difference in this market, where there exists the dominance of Asian manufacturers. Manufacturers such as Intex, Bestway and ORPC have entered the European market with cheaper products. They work with reduced margins, making the viability and profitability of European and American manufacturers more difficult.

Various European manufacturers devoted exclusively to this business division have disappeared or are about to. In addition, American manufacturers, in crisis, are undergoing a period of severe change.

The Fluidra Group has reacted by standing out from the competition, focusing on products of better quality and price, accompanied by post-sales service aimed at the end user, This strategy has enabled the Group to largely compensate for the pressure on margins derived from the competitive environment

6.3.1.5. <u>Implementation of the production of the POOL division</u>

The POOL division has 24 manufacturing plants located in 9 countries: Spain (14) France (2), Turkey (1), USA (1), China (2), Australia (1), Germany (1), India (1) and Mexico (1),

In terms of manufacturing surface area, 33,4% of manufacturing space is located outside of Spain,

The following table includes the various production centres of the POOL division:

	Company	**n° production locations**	**Country**	**M^2 Prod,**	**Production technology**	**Product line**
AURIC POOL	Metalast	2	Spain	21,588	Metallurgy	Steps, showers, pumps and competition material
	Poltank	2	Spain	6,012	Polyester processes	Filters, slides and levers
	Sacopa	1	Spain	6,638	Injection	Skimmers, electrical devices and injected filters
	Maberplast	1	Spain	1,740	Injection	Material for cleaning and accessories
	Unistral Recambios	1	Spain	572	Assembly	Kit for spare parts
	Productes Elastomers	1	Spain	1,000	Processed rubber products	Washers and rubber accessories
	Togama	1	Spain	7,500	Vitreous processed products	Vitreous mosaics
	Revicer	1	Spain	850	Vitreous processed products	Vitreous mosaics
	Talleres del agua	1	Spain	8,003	Metallurgy	Heat pumps, pipes and dehumidifiers
	Europeenne de Couverture Automatique E,C,A,	1	France	5,000	Assembly	Automatic covers

	Company	nº production locations	Country	M² Prod,	Production technology	Product line
	ID Electroquímica	1	Spain	1,000	Assembly	Electric salt chlorinators
	Turcat	1	Turkey	500	Polyester processes	Polyester filters
	Ningbo Linya Swimming Pool & Water Treatment	1	China	5,500	Polyester processes	Filters, electrical devices and pumps
	Dongchuan	1	China	5,500	Injection	Material for cleaning and accessories
	Sub-total	16		71,403		
ASTRALPOOL	Astral Products	1	USA	3,819	Polyester processes	Filters and pumps
	Astral Products Australia	1	Australia	6,500	Metallurgy	Electric chlorinators, pumps, filters and heating
	Astral India	1	India	150	Assembly	Pumps
	MTH Moderne Wassertechnick	1	Germany	790	Processing liners	Liners and swimming pool equipment
	CATPOOL	1	Mexico	250	Chemical repackaging	Chemical products
	Sub-total	5		11,509		
SWIMCO	Manufacturas GRE	1	Spain	8,848	Transformation of liners	Raised swimming pools
E, CORNER	Hydroswim International	1	France	4,600	Polyester processes	Filters and pumps
	Industrias Mecánicas Lago	1	Spain	1,255	Assembly	Pumps
	Sub-total	3		14,703		

	Company	nº production locations	Country	M^2 Prod,	Production technology	Product line
TOTAL POOL		**24**		**97,615**		

6.3.1.6. International presence of the POOL division

See reference in "International Expansion", which is included in section 6,3,1 ("POOL Division) of the Registration Document.

6.3.1.7. Setting up of distribution centres for the POOL division

The POOL Division has 120 distribution centres, which provides the Group with direct commercial presence in 30 countries. Most of them have office and warehouse space in accordance with the model that the Group sets for its branch offices. The average surface area of these centres is around 1,300 m^2

The following table shows the distribution centres belonging to the POOL division:

	Company	nº centres	Country	M^2 Warehouse
AURIC POOL	Aquant Trading	1	China	150
	Sub-total	1		150
ASTRALPOOL	Astral Pool Balkans	1	Bulgaria	650
	Astral Bazenove	1	Czech Republic	1,680
	Astral Pool Australia	8	Australia	14,810
	Astral Export	1	Spain	190
	Astral Havuz	1	Turkey	3,700
	Astral India	4	India	1,350
	Astral Italy	11	Italy	17,426
	Astral Pool Mexico	5	Mexico	2,030
	Astral Middle East	1	U,A,E,	3,000
	Astral Piscine	14	France	19,240
	AstralPool España	32	Spain	49,254
	Astral Products	1	USA	3,819
	Astral Scandinavia	2	Denmark / Sweden	1,680
	Astral Pool Deutschland	1	Germany	1,875
	Astral Pool Singapore	1	Singapore	100

	Company	nº centres	Country	M² Warehouse
	Zao Astral SNG	4	Russia	2,215
	Astral Switzerland	1	Switzerland	1,800
	Astral UK	1	England	1,880
	Ya Shi Tu	6	China	890
	AstralPool Chile	1	Chile	1,008
	AstralPool Hellas	1	Greece	1,800
	AstralPool Polska	1	Poland	1,606
	Maghrebine	1	Morocco	1,040
	Magyar Konsztralsza	1	Hungary	1,300
	Marazul	5	Portugal	6,211
	MTH Moderne Wassertechnick	2	Germany	1,408
	Pool Supplier	1	Spain	50
	Schwimmbad-Sauna-Ausstattung Gesellschaf (SSA)	1	Austria	6,324
	Sub-total	110		148,336
SWIMCO	Meip International	1	Spain	500
EUROPEAN CORNER	Certikin International	2	England	5,733
	Certikin Pool Ibérica	1	Spain	2,559
	Certikin France	1	France	8
	Hydroswim Internacional	2	France	792
	Industrias Mecánicas Lago	2	Spain	1,795
	Sub-total	9		11,387
TOTAL POOL		**120**		**159,873**

6.3.1.8. <u>Competitive differentiation of the POOL division</u>

See section 6,1,3 "Key Factors" of the Registration Document.

6.3.2. <u>WATER division</u>

WATER is the internal division of the Fluidra Group devoted to water treatment, transport, control and distribution of fluids and sprinkling. This division is divided into three holdings: Cepex, SNTE and Neokem.

The turnover of the WATER division in the financial year 2006 was APPROXIMATELY 110 MM € through over 12,000 clients. In the first half of 2007 turnover had grown to approximately 110 MM€ and in the same period in the previous financial year it was approximately 51MM€.

The following table includes the sales of the WATER division, distributed among the lines of business:

	WATER	
	2006 (*)	
Water treatment	56,768	51,5%
Transport, Control and Distribution of Applied Fluids	42,218	38,3%
Sprinkling for Green Spaces and Agriculture	11,243	10,2%
	110,229	100,0%

(*) According to Company data, Includes sales between segments.

All business lines of the WATER division have had operating profit in the financial year 2006.

The distinctive elements of the WATER division are the following:

Cycle of water, Water has a fundamental role in the satisfying of basic needs, health, food safety, wellbeing and sustainable development opportunities. The Fluidra Group, based on its parent position in the swimming pool sector, has expanded its business towards water treatment, sprinkling and applied fluid transport and control, directing its efforts towards being a global supplier within the water cycle, mainly in the domestic field.

Integrated model, The WATER division has an integrated structure for manufacture and distribution. The objective of the Group is to optimise this business model in the WATER division in order to enable the growth and efficiency reached in the POOL division.

International expansion. The following table includes the percentage of sales by geographical area of the WATER division of the Group in 2006:

	WATER 2006(*)	
Spain	41,887	38,0%
Rest of Southern Europe	51,036	46,3%
North and Central Europe	4,630	4,2%
East Europe	1,102	1,0%
Asia and Australia	882	0,8%
Rest of the World	10,692	9,7%

	WATER 2006(*)	
Total	110,229	100,0%

(*) According to Company data. Includes sales between segments.

For the description of geographic areas, see section 6.1.3 "Key Factors – International Presence".

At 30 June 2007, the WATER business division combines production and distribution companies which have 15 production centres, 32 commercial branches in 9 countries, supplying products to 170 countries and employing over 900 people.

Trademarks. The main trademarks used in the WATER division are: SNTE and CTX (water treatment), CEPEX (accessories for applied fluid transport) and Astramatic (industrial water treatment).

Range of products. The WATER division has a wide range of products.

Seasonal nature. The lesser seasonal nature of the WATER division in respect of the POOL contributes to a lesser concentration of the consolidated income of the Group in the second and third quarters.

Size of the markets. Fluidra is aware of the breadth of the WATER market, circumstance which gives an idea of the enormous possibilities for growth for Fluidra in the same.

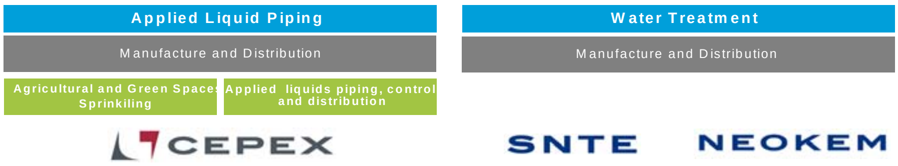
Sustainability. This commitment has been adopted by the Fluidra Group as a fundamental aspect of its objectives, and covers the processes adopted by the Group in its business activities.

Production technology. Below are detailed the main forms of manufacturing technology used in the WATER division:

Name
Injection of thermoplastics
Extrusion of thermoplastics
Halogenation
Compaction of the ATCC

6.3.2.1. Corporate structure of the WATER division

The corporate structure of the WATER division is formed by three holdings:



CEPEX

This is a holding devoted to the manufacture and distribution of products and solutions oriented towards applied fluid transferral. It operates in the areas of the transport, control and distribution of fluids and sprinkling for agriculture and green spaces.

SNTE and NEOKEM

These are holdings devoted to the manufacture and distribution of domestic and industrial equipment for the physical and chemical treatment of the water. Furthermore, they manufacture chemical products and equipment devoted to the treatment and disinfection of water,

6.3.2.2. Description of the WATER division

Through the holding Cepex, Neokem and SNTE, the Fluidra Group is present on the market with a wide range of products and with distribution networks typical of international projection as set forth in the section following 6,3,2,3,

As in the POOL case, in WATER the market is not clearly defined. This is a market which does not have official statistical information by geographic areas. Hence, except for cases where some entity makes public its own studies carried out in this market, there exist no sources of information in respect of this division,

6.3.2.3. Business lines of the WATER division

The WATER division offers 3 lines of business covering the needs of the following markets:

- Water treatment,
- Transport, Control and Distribution of Applied Fluids,
- Sprinkling for Green Spaces and Agriculture,

A. Water treatment

A.1. Description

According to data of the Company, in 2006 Water Treatment implied 51,5% of the income from this division.

The Fluidra Group produces and distributes products and equipment for the physical and chemical treatment of water. Its offer includes domestic and semi-industrial equipment; process engineering services for the integral water cycle; products and services related to the disinfection, control and chemical treatment of water,

A.2. Products for water treatment

The main ranges of products, differentiated by main sectors of activity (physical and chemical treatment), are:

Physical treatment	Equipment for decalcifying and demineralising suitable for any need in water treatment to make it potable, as well as waste water treatment for re-use. Functions: preparation of the water, from decalcification, decarbonisation, de-ironing, demagnetisation and de-gassing, up to electro-deionisation and reverse osmosis,
Chemical treatment	A wide range of equipment and chemical products devoted to recycling water as well as to minimising the need to provide new water. The product most used as disinfectant due to its good performance/convenience ratio is chlorine. The Group also offers a wide range of products with diverse applications in the chemical treatment of water, such as: pH value regulators, anti-limescale products, sequestrants, flocculants, algaecide correctors and flocculants, measurement apparatus and analysis of water and dosifiers, among others.

The Fluidra Group mainly has water treatment products (both in the sectors of the physical and chemical treatment of water) for domestic use, and, to a lesser extent, for industrial use,

A.3. Market of water treatment

The relative weight of this area of business within the WATER division in the 2006 financial year was 51,5% of the division's sales turnover,

A.3.1. Physical treatment

As general aspects affecting both the domestic market and the industrial, we can emphasise the following characteristics:

- It is a sector in full growth due to the increase in processing and recovery water treatment as a result of regulations to such end,
- The present market is based on the treatment of water for consumption (decalcification, filtering and osmosis),
- The European market is experiencing growth and the Asian one is in full expansion,
- Fluidra has an important presence in Spain in the physical treatment of water,

Specifically, the **domestic sector** is a relatively new market which is undergoing great expansion. The products and channels to cover new needs are being created. The equipment is not distributed exclusively, circumstance which encourages greater competitiveness, Regarding the **industrial sector**, the equipment offered by the Fluidra Group fulfils highly technical roles in the preparation of water. This equipment is applied in process water treatment in industrial plants and, inter alia, in laboratories, steam boilers and cooling towers, as well as in communities, hotel complexes, tourist areas, leisure areas and car washes.

A.3.2. Chemical treatment

The Fluidra Group is one of the largest producers in the EU of chlorine-based solutions. Neokem manufactures 14,000 Tm per annum of chlorine of the 33,000 the Company calculates are produced annually the EU. The usage of this chlorine is aimed mainly at the swimming pool sector, circumstance which makes the sales of the chemical product highly seasonal.

A.4. Key Factors of water treatment

There exists a growing sensitivity regarding the efficient use of water, accompanied by the increasing regulating both on a national and supranational level.

As a result of the foregoing, new business niches are opening in which the Fluidra Group has a preferential place in view of the challenge to supply products and solutions leading towards helping with the closed water cycle process.

A.5. Distribution channel of water treatment

A.5.1. Physical treatment

In the **domestic sector** the product is channelled through professional distributors, hypermarkets and even through direct sales to the user/consumer.

The Fluidra Group uses, distributes and markets its products for domestic water treatment through construction wholesalers, professionals in water treatment and D,I,Y, hypermarkets, Fluidra does not make direct sales to the consumer.

In the industrial sector the specifications of the product are worked on in the engineering departments and directly in the technical offices of the companies. As a sales channel, large industrial wholesalers are used,

A.5.2. Chemical treatment

The main distribution and sales channels of the products are warehouses and distributors of chemical products, hardware purchasing groups, hypermarkets and swimming pool and garden self-service centres.

B. Piping, Control and Distribution of Applied Fluids

B.1. Description of Piping, Control and Distribution of Applied Fluids

The Fluidra Group manufactures and distributes specific ranges of products for industrial uses devoted to sectors as varied as those of the chemical and petrochemical industries, refrigeration systems, the pharmaceutical industry, the food industry, mining and the ship industry.

The relative weight of this business area within WATER in the financial year 2006 represented 38,3% of the turnover of the division,

B.2. Products for the Piping, Control and Distribution of Applied Fluids

The Fluidra Group supplies ranges of products as set forth in the following table:

Product	Application
Valves (ball, butterfly, retention and others,,)	Control in flow, Manufactured in various materials (greater adaptability)
Polyethylene 100 Accessories	Enables the designing of a pressure fluid distribution network: Extreme electro-fusion and welding.
PVC Accessories	Derivation of fluid between branches. Also enables the preventing of the passing of fluids
Accessories for drainage and evacuation (t-pieces, derivations, drains and others)	In residual and rain waters

B.3. Market of the Piping, Control and Distribution of Applied Fluids

In general, this is a broad, heterogeneous market where positioning and volume of income are determined by the degree of innovation and quality of both the products and the processes and technology. As a result. quality is the key to differentiation. before price. Therefore. the leading business groups in the market are from the centre and north of the EU and from the USA

The sector is undergoing full growth due to the substituting of metal for plastic materials and to the development of the applications for water and gas transport,

Industry and transport are markets with a high degree of professionalisation of the sales channels and where specification acquires great importance,

B.4. Key Factors of the Piping. Control and Distribution of Applied Fluids

The Fluidra Group is positioned as a quality manufacturer with a complete range (accessories. valve products and electro-fusion). as well as a leading distributor with solutions for all types of applications,

Commercial capillarity and presence acquire importance in view of globalisation and decentralisation. In this way, although the decision to purchase on the part of multinational distributors might reside in the country of origin. the presence of the supplier in the countries of destiny is valued positively,

The installation of electro-fusion accessories is a product line which is developing quickly. It is a product line developed by few manufacturers, circumstance which implies for the Fluidra Group a great opportunity in the manufacture and marketing of this range of products,

Factors such as pre-sales service, maintenance and post-sales service acquire growing relevance in the decision to buy within this market,

B.5. Distribution channel in the Transport, Control and Distribution of Applied Fluids

In the industrial sector, the recommending of the product is key for its inclusion in projects. Among the most important recommending agents are official bodies (mainly town halls), engineering firms, water management companies, construction companies and the technical offices of large industrial companies,

As regards the sales channel, the industrial and distribution sector is a short, highly professionalized channel. The product is distributed directly from manufacturer to manufacturer (OEMs) or through professional industrial distributors of diverse sizes, normally under a system of exclusive distribution. In fact, in most cases, the distributor or installation company assumes the role of wholesaler and deals directly with the manufacturer.

C. Sprinkling for Green Spaces and Agriculture

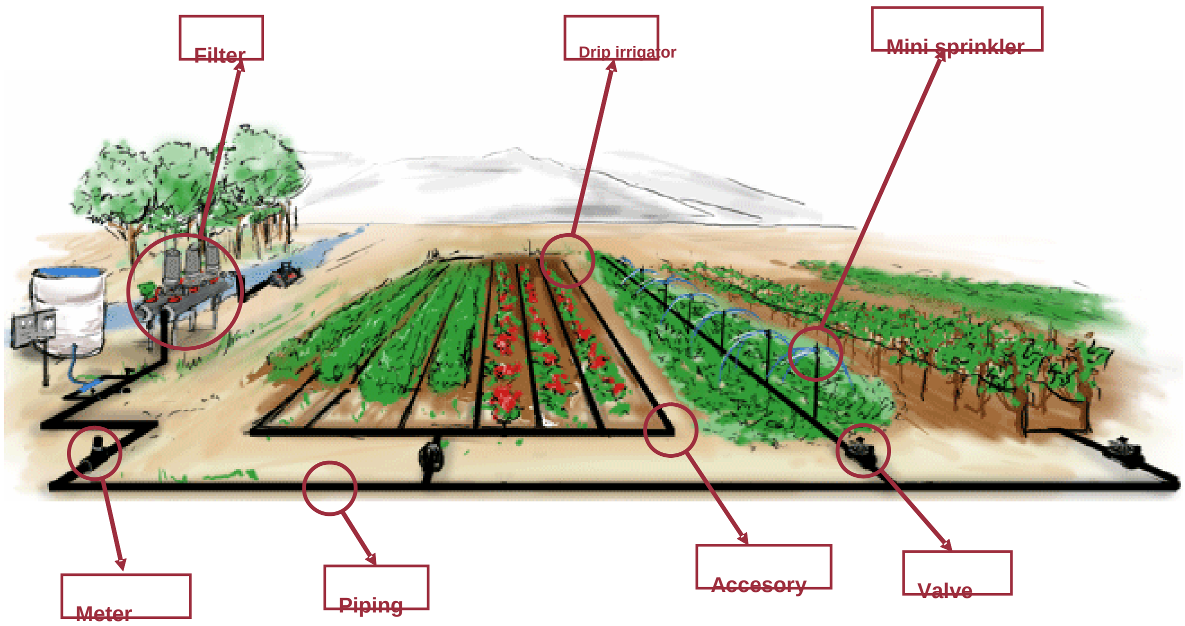
C.1. Description Sprinkling for Green Spaces and Agriculture

The Fluidra Group manufactures and distributes an extensive range of products and components for systems and equipment, manuals and automatic devices for Sprinkling for Green Spaces and Agriculture.

According to information from the Group, in 2006 Sprinkling for Green Spaces and Agriculture implied approximately 10,2% of the turnover of the WATER division.

C.2. Products for Sprinkling for Green Spaces and Agriculture

The following illustration contains various products related to Sprinkling for Green Spaces and Agriculture:



The Fluidra Group manufactures and distributes all the products necessary for constructing the entire sprinkler system. These are defined by their areas of application:

- Valves, accessories, piping and shafts for utilities made of PVC and polyethylene form part of wells, pumping centres, transportation channels and organic irrigation equipment, among others,
- Electrovalves and programmers are present in the control and management system of the sprinkling, These are the products devoted to the time-control of the sprinkling, water-flow control and to enabling or stopping the passing of the water towards the various branches of the system,
- Drips, irrigators, diffusers and perforated pipes are found in the points of direct contact with the crop and enable the water to reach the plant or crop, Recently, effective sprinkling has become popular, consisting of ensuring that only the amount of water the crop needs reaches it, thus avoiding water wastage, This is why drip irrigation systems have gained considerable popularity.

C,3, Sprinkling for Green Spaces and Agriculture Market

According to calculations of the Company, the total volume of the market for sprinkling worldwide is divided geographically in the following way: 60% corresponds to the USA and Canada, 20% to the EU and 20% to the Rest of the World.

Approximately 75% of the world's water resources are devoted to sprinkling, mainly for agriculture. This is why there exists an increasing imposing of water management regulations and the usage of sprinkling systems which guarantee greater productivity with a lower water cost.

The green spaces sprinkling sector is on the increase due to the need to create, in residential areas, green zones to reduce the impact generated by industrial activity, significant town planning development the development of communication networks. Therefore, growth is taking place in the use of control and sprinkling systems in green spaces. In particular, the European gardening market is undergoing significant growth and low saturation.

The sprinkling of private and residential spaces recurrently accounts for approximately 50% of the total turnover for green spaces of the Company, while public spaces and golf courses imply approximately 30% and 20%, respectively.

The business unit with the greatest seasonal nature in the WATER division is sprinkling, the months from February to April being the time of maximum consumption, sales, care and maintenance. Although the seasonal nature of agricultural sprinkling is determined by the production cycle of the crops, the wide variety of crops which presently exist minimise the risk.

C,4, Key Factors of Sprinkling for Green Spaces and Agriculture

The market for Sprinkling for Green Spaces and Agriculture is characterised by the existence of competitors with a partial product range, Fluidra therefore has the opportunity to set itself apart through its wide range of products as a distributor.

Currently, the Fluidra Group has strong implementation in Spain and France on a distribution level, manufacturing a small part of sprinkling complements.

C.5. Distribution channel in the Sprinkling for Green Spaces and Agriculture sector

In the sprinkling sector there exists segmentation between the recommendation and purchasing channels.

The companies which purchase agricultural material are usually of greater size and are more specialised than those of green spaces and gardening.

Below, the main channels are shown for each sector:

- Sprinkling green spaces: specifications take place through Public Bodies (basically town halls), sports complexes and golf courses.
- Agricultural sprinkling: channels of recommendation are concentrated basically on state companies with agrarian infrastructure, agrarian exploitations and communities with the right to water. Purchasing channels include construction companies, installation companies and professional distributors.

To distribute its Agricultural and Green Spaces Sprinkling products Fluidra uses all reccommendation and purchase channels described in the above two paragraphs.

In addition, the sale of the product is carried out via distributors, warehouses, retailers and small installation companies.

The Fluidra Group has positioned itself as a manufacturer of diverse accessories and equipment for transport and control, as well as a distributor of total solutions aimed at the professional.

6.3.2.4. WATER Division Competitors

Water Treatment

The major competitors on the market of the physical treatment of domestic water supplies are: BWT (Best Water Treatment), Pentair Water and PWG (Pollet Water Group).

The chemical treatment market is, locally, a very fragmented market, with small distributors and the recent introduction of big international distributors.

The table below shows a list of the main manufacturers/distributors on the Water Treatment market:

	Geographic focus	**Type of shareholding**	**Activity**	**Description**
BWT		Listed	Manufacture and distribution	Leading European water treatment manufacturer on the Central and Eastern European markets,

	Geographic focus	Type of shareholding	Activity	Description
Pentair Water		Listed	Manufacture	Leading American water treatment manufacturer and leader in the swimming pool sector,
Biolab		Unlisted	Manufacture	Leading chemical water treatment manufacturer in the EU,
ARCH		Listed	Manufacture	Leading chemical water treatment manufacturer in the USA,

Piping, Control and Distribution of Applied Fluids

The Piping, Control and Distribution of Applied Fluids sector is under the control of a few large manufacturers with a worldwide presence.

A leading stakeholder in the sector is the Swiss group Georg Fischer (+GF+), which despite its focus on the automotive sector is the only group to offer the whole range of products and solutions required by the industrial sector.

There are also large business groups present on this market that have been recently set up. These groups have arisen as a result of the merger of various specialised businesses that specialised in certain products in the range. The result of these mergers are strong groups, which have been able to broaden their offer and presence on the market, Aliaxis (EU), Nibco (USA) and Asahi (Japan) can be highlighted among such companies.

In contrast to the above companies, there are a number of businesses that specialise in one or two product lines (the cost common of which are valves and accessories and electro-fusion accessories). The following stand out in this group: Praher+IBG, ASV Stübbe, Agru, Banninger, Colonial, Hayward and Spears.

Green Space and Agricultural Sprinkling

Regarding the sprinkling of green spaces, there exist large manufacturers with worldwide presence but without their own distribution network, Distribution is organised on a local level, there not existing large trans-national distributors.

Regarding agricultural sprinkling, the market is controlled by large manufacturers from the drip irrigation family (integrated piping and tape, among others) which are also the most advanced from a technological point of view. Some of these manufacturers are at the same time distributors with presence in various countries.

The following table includes a breakdown of the main manufacturers of Sprinkling for Green Spaces and Agriculture worldwide:

	Geographic focus	Type of shareholder	Integration	Description
RAIN BIRD		Not listed	Manufacture	American manufacturer of products for sprinkling (green spaces), World leader with strong positioning of trademark.
Hunter The Irrigation Innovators		Not listed	Manufacture	American manufacturer of sprinkling (green spaces), Aimed at exclusive distributors.
NETAFIM™		Not listed	Manufacture and Distribution	Israeli manufacturer of agricultural sprinkling of great renown and quality, Own distribution network.

6.3.2.5. Implementation of production in the WATER division

The WATER division has 15 production plants that are located in 4 countries: Spain (12), France (1), China (1) and Morocco (1).

In terms of production surface area, 13,1% of manufacturing space is located outside of Spain.

With regard to the production process of the Fluidra Group's WATER division, specifically in the context of the creation of new products, it is particularly worth highlighting the joint design of products and components that make their manufacture possible. Such products include moulds and automatic control systems, amongst others, This cooperation enables the Fluidra Group to optimise the key cost and quality parameters of new products.

The following table shows information regarding the production centres of the WATER division:

	Company	nº production locations	Country	M² Prod,	Production technology	Product line
CEPEX HOLDING	Cepex	3	Spain	17,519	Injection and Extrusion	Accessories, valves and piping,
	Forplast	1	Spain	1,850	Injection	Accessories PP and Shafts
	Valvules i Racords Canovelles	1	Spain	3,750	Injection	Selecting valves
	Manufactures Plàstics Solà	1	Spain	2,900	Injection	Accessories – Aux, Prod,
	Pro Cepex	1	Morocco	1,600	Injection	Accessories PVC
	Ningbo Xi Pei Valves-Fittings	1	China	1,500	Assembly	Selecting valves
	Sub-total	8		29,119		
SNTE	SNTE	1	France	3,814	Process engineering	Domestic water treatment equipment
	Astramatic	1	Spain	2,071	Process engineering	Industrial water treatment plants
	Servaqua	1	Spain	8,179	Process engineering	Water treatment filters and components
	Sub-total	3		14,064		
NEOKEM	Inquide	2	Spain	8,369	Production of solid and liquid chlorinated products	Disinfectants, solid chlorinated products,
	Inquide Flix	1	Spain	675	Production of solid chlorinated products	Disinfectants, solid chlorinated products,
	Iwerquímica	1	Spain	480	Production of solid chlorinated products	Packaging of chlorinated products
	Sub-total	4		9,524		
TOTAL WATER		**15**		**52,707**		

6.3.2.6. International presence of the WATER division

See reference to “International Expansion” included in section 6,3,2 (“WATER division”) of the Registration Document.

6.3.2.7. Implementation of the WATER division distribution centres

The aim of the commercial implementation model used by the WATER division is to replicate the POOL division’s model, which has enabled it to have positive results as to growth and profitability on various markets, One basic feature of the aforementioned model is the way in which a direct presence is attained through the division’s own distribution centres on the markets that show the greatest potential in terms of size and growth.

The WATER division has 32 of its own distribution centres distributed among 9 countries: Germany (1), United Arab Emirates (1), Spain (8), USA (1), France (11), Italy (3), Morocco (1), Mexico (3) and Portugal (3), The average surface area of these centres is in the region of 2,300 m^2.

The following table shows the distribution centres belonging to the WATER division:

	Company	nº centres	Country	M^2 Prod,
CEPEX	Agro Cepex	1	Morocco	400
	Cepex Comercial	1	Spain	2,650
	Cepex France	1	France	1,000
	Cepex Italia	1	Italy	2,540
	Cepex Mexico	3	Mexico	2,000
	Cepex Middle East	1	U,A,E,	550
	Cepex Portugal	2	Portugal	5,645
	Cepex USA	1	USA	472
	Cepex GmbH	1	Germany	86
	Irrigaronne	6	France	27,508
	Master Riego	2	Spain	2,188
	Sub-total	20		45,039
SNTE	SNTE	1	Spain	2,956
	SNTE	2	France	6,826
	Aplicaciones Técnicas Hidráulicas	1	Spain	6,500
	Sub-total	4		16,282
NEOKEM	Aquambiente	1	Portugal	2,600
	CTX Chemicals	2	Italy	2,596
	CTX Piscine	2	France	3,600
	CTX	3	Spain	4,072
	Sub-total	8		12,868
TOTAL WATER		**32**		**74,189**

6,3,2,8, <u>Competitive differentiation of the WATER division</u>

The Fluidra Group is about to complete the integration of the value chain in the WATER division, replicating the model of the POOL division, i,e,, integrating a set of production plants with the capillary distribution model, In this way, the advantages of this model, such as the consolidation of margins, the proximity of the requirements of market demand to production processes, as well as the reduction in the risk of the appearance of competitors of low added value, are reproduced.

The foregoing integration model, together with the wide range of products offered to the professional, gives rise to the availability of a service and proximity to the sector which are beyond comparison in the EU, converting the Fluidra Group into a point of reference for water-oriented solutions, in the domestic and semi-industrial fields.

6.3.3. Trace Logistics

Besides the POOL and WATER divisions, the Group channels the distribution of its products by means of the company Trace Logistics, S.A., which is the Group's logistics operator, It is set up as an operations unit that provides services to the Group's divisions and that allows it to make profits in terms of optimising costs and improving the quality of its services to the end customers of the two divisions, as is described below.

The purpose of Trace Logistics, S.A. is threefold:

- To integrate the storage and control of the finished products of the production companies which fall under their area of action (up to 2 days of overland transport), as well as the majority of products marketed and acquired from third parties.
- To consolidate the shipment of material of different components to distribution points around the world, in accordance with orders received.
- To centralise and negotiate the conditions and costs of land, sea or air transport, with international transport suppliers.

The centralised management and control of the product – whether produced or not within the Group – ready for marketing implies:

- Reducing the amount of safety stock needed without harming the quality of customer service.
- Transferring in an orderly and efficient manner the needs for replacement to production and to third-party heads of product purchasing.
- Analysing continuously the degree of optimisation of the stock of finished products and increasingly adapting its level to real demand.
- Managing and organising certain direct deliveries to clients, without having to go through the distribution points.

At present the service situation of the logistics operator is as follows:

- It is operating at 100%, managing the finished products of the production companies in the POOL and WATER divisions,
- Located in the province of Gerona, it manages the finished products of the production companies within its area of action, i,e, those located in Spain and the south of France.
- It optimises the work capacity of its installations throughout the year, despite the seasonal nature typical of the business of the Fluidra Group, through third-party

logistics service agreements, which due to their specific nature complement the periods of lowest activity.

7. ORGANISATIONAL STRUCTURE

7.1. Description of the Group

The Fluidra Group includes the following holding companies, which operate through 2 separate divisions:

7.1.1. POOL Division

POOL Division			
Astral Pool, S.A.U. (Spain) 100%	**Auric Pool, S.A.U.** (Spain) 100%	**European Corner, S.A.U.** (Spain) 100%	**Swimco Corp, S.L.** (Spain) 100%
Astral Bazenove Prilslusenstvi Spol S.R.D. (Czech Rep) 85% indirect	**Aquant Trading Co, L.t.d.** (Shanghai) 100% indirect	**Certikin International, Limited** (United Kingdom) 100% indirect	**Gre Aqua and Pool, S.L.U.** (Spain) 100% indirect
Astral Equipment Australia Pty, L.T.D. (Australia) 94,54% indirect	**Europeenne de Couverteurs Automatiques E.C.A. S.A.U.** (France) 100% indirect	**Certikin Pool Iberica, S.L.U.** (Spain) 100% indirect	**Manufacturas Gre, S.A.U.** (Spain) 100% indirect
Astral Export, S.A. (Spain) 95% indirect	**Exex Pool, S.L.** (Spain) 100% indirect	**Hydroswim International** (France) 100% indirect	**Meip International, S.L.U.** (Spain) 100% indirect
Astral Havuz Ekipmanlari S.V.T.A. (Turkey) 55% indirect	**ID Electroquímica, S.L.** (Spain) 60% indirect	**Industrias Mecanicas Lago, S.A.U.** (Spain) 100% indirect	
Astral India Private, Limited (India) 88% indirect	**Inversiones Deloscua, S.L.** (Spain) 99,97% indirect	**Comercial de Exclusivas Interacionales Blage, S.L. (CEIBSA)**	
Astral Italia S.P.A. (Italy) 100% indirect	**Llierca Disseny, S.L.U.** (Spain) 100% indirect	**Certikin France, S.A.S.** (France) 100% indirect	
Astral Middle East F.Z.E. (Arab Emirates) 100% indirect	**Llierca Naus, S.A.U.** (Spain) 100% indirect		
Astral Piscine S.A.S. (France) 100% indirect	**Maber plast, S.A.U.** (Spain) 100% indirect		

POOL Division	
Astral Pool Balkans J.S.C. (Bulgaria) 66,66% indirect	**Metalast, S.A.U.** (Spain) 100% indirect
Astral Pool Chile S.A.C. (Chile) 60% indirect	**Ningbo Dongchuan Swimming Pool Equipements Co,, Ltd** (China) 70% indirect
Astral Pool Deutschland, Gmbh (Germany) 100% indirect	**Ningbo Linya Swimming Pool & Water Treatment Co,, Ltd** (China) 100% indirect
Astral Pool España, S.A.U. (Spain) 100% indirect	**Poltank, SAU,** (Spain) 100% indirect
Astral Pool Group, S.L.U. (Spain) 100% indirect	**Productes Elastomers, S.A.** (Spain) 70% indirect
Astral Pool Hellas (Greece) 80% indirect	**Revicer, S.L.U.** (Spain) 100% indirect
Astral Pool Hongkong, Co, Limited (Hong Kong) 100% indirect	**Rotoplastics S.R.L.** (France) 100% indirect
Astral Pool México, S.A. de C.V. (Mexico) 70% indirect	**Sacopa, S.A.U.** (Spain) 100% indirect
Astral Pool Polska, S.A. (Poland) 85% indirect	**Talleres del Agua S.L.** (Spain) 80% indirect
Astral Pool Singapore P.T.E., L.T.D. (SinPGCore) 85% indirect	**Togama S.A.** (Spain) 69,97% indirect
Astral Pool Switzerland S.A. (Switzerland) 98,8% indirect	**Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi** (Turkey) 99,85% indirect
Astral Products I.N.C. (USA) 97% indirect	**Unipen, S.L.** (Spain) 100% indirect

POOL Division	
Astral Scandinavia A.S. (Denmark) 100% indirect	**Unistral Recambios S.A.U.** (Spain) 100% indirect
Astral Service S.R.L. (Italy) 100% indirect	**S.A.S. Pacific Industrie** (France) 80% indirect
Astral UK Limited (United Kingdom) 100% indirect	
Catpool S.A. de C.V. (Mexico) 99% indirect	
Astral Pool Australia (Australia) 100% indirect	
Maghrebin Des Equipments d'eau (Morocco) 51% indirect	
Marazul L.D.A. (Portugal) 100% indirect	
Mercamaster Group, S.L.U. (Spain) 100% indirect	
Moderne Wasertechnick A.G. (M.T.H.) (Germany) 80% indirect	
Pool Supplier, SLU, (Spain) 100% indirect **Prohogar, SL**	
S.C.I. DU 11 Rue Denfert Rochereau (France) 50% indirect	
Schwimmbad-Sauna-Ausstattung Gesellschaf m,b,H.	

POOL Division
Ya Shi Tu (Ningbo) Water Treatment Equipment, L.T.D. (China) 100% indirect
ZAO Astral S.N.G. (Russia) 70% indirect
Magyar Astral Pool, K.f.t. (Hungary) 90% indirect

7.1.2. WATER Division

WATER Division			Other Companies
Neokem Grup, S.A.U. (Spain) 100%	**Cepex Holding, S.A.U.** (Spain) 100%	**SNTE Agua Group, S.A.U.** (Spain) 100%	**Accten Graphic S.L.U.** (Spain) 100%
Aquambiente, S.A. (Portugal) 80% indirect	**Agro Cepex, S.A.R.L.** (Morocco) 56% indirect	**Astramatic, S.A.U.** (Spain) 100% indirect	**ADBE Cartera S.A.U.** (Spain) 100%
CTX Chemicals, S.R.L. (Italy) 85% indirect	**Airria-Irrivert, S.A.S.** (France) 100% indirect	**ATH Aplicaciones Tecnicas Hidraúlicas, S.L.** (Spain) 80% indirect	**AP Inmobiliere** (France) 99% indirect
CTX Piscine S.A.R.L. (France) 95% indirect	**Cepex Comercial, S.A.U.** (Spain) 100% indirect	**Grupsente, S.L.** (Spain) 100% indirect	**Fluidra Services, S.A.U.** (Spain) 100%
CTX, SAU (Spain) 100% indirect	**Cepex France, S.A.S.** (France) 100% indirect	**SCI La Cerizay** (France) 99% indirect	**Immobiliaria Swim 38 S.L.U.** (Spain) 100%
Inquide, SAU (Spain) 100% indirect	**Cepex G.M.B.H.** (Germany) 100% indirect	**Servaqua, SAU** (Spain) 100% indirect	**Prohogar, S.L.** (Spain) 100%

WATER Division			Other Companies
Inquide-Flix, S.A.U. (Spain) 100% indirect	**Cepex Italia, S.R.L.** (Italy) 79% indirect	**SNTE Esp, S.L.U.** (Spain) 100% indirect	**Trace Logistics S.A.U.** (Spain) 100%
Iwerquímica, S.L.U. (Spain) 100% indirect	**Cepex México, S.A. de C.V.** (Mexico) 100% indirect	**SNTE, S.A.S.** (France) 100% indirect	**Dispreau G.I.E.** (France) 100% indirect
Waterchem, A.I.E. (Spain) 100% indirect	**Cepex Middle East F.Z.E.** (United Arab Emirates) 100% indirect	**Membrane Concepts (en liquidación)** (Spain) 50% indirect	
	Cepex Portugal, L.T.D. (Portugal) 80% indirect		
	Cepex, S.A.U. (Spain) 100% indirect		
	Cepex USA, I.N.C. (United States) 80% indirect		
	Cepexser, S.L. (Spain) 100% indirect		
	CFI Environnement, S.A.R.L. (France) 100% indirect		
	Forplast, S.A.U. (Spain) 100% indirect		
	Irrigaronne, S.A.S. (France) 100% indirect		
	Manufactures Plastics Solà, S.A.U. (Spain) 100% indirect		
	Ningbo Xi Pei Valves~Fittings C.O., L.T.D. (China) 100% indirect		
	Pexce Inmobiliaria, S.L.U. (Spain) 100% indirect		
	Pro Cepex, S.R.L. (Morocco) 70% indirect		
	Master Riego, S.A. (Spain) 86% indirect		
	Vàlvules i Racords Canovelles, S.A. (Spain) 80% indirect		

7.1.3. <u>Other Fluidra Group companies</u>

Other companies
Accent Graphic, S,L,U, (Spain) 100%
ADBE Cartera, S.A.U, (Spain) 100%
AP Inmobiliere (France) 99,9% indirect
Fluidra Services, S.A.U, (Spain) 100%
Inmobiliaria Swim 38, S,L,U, (Spain) 100%
Prohogar, S,L, (Spain) 100%
Trace Logistics, S.A.U, (Spain) 100%

7.2. List of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held

The main companies that formed part of the Fluidra Group as at 30 June 2007 are listed below, with details of their registered office and business activity, and of the direct or indirect interest held in each company.

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Astral Pool, S.A.U,	Sabadell (Barcelona, Spain), Avenida Francesc Macià 38	Holding company	100	0	100
Astral Pool España, S.A.U,	Polinyà (Barcelona, Spain), Pintor Velázquez 10	Trade	0	100	100
Astral Italia, SpA	Bedizzole (Italy), Via Trebocche, 7/E	Trade	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Astral UK, Limited	Fauseham - Hants (United Kingdom), Palmerston Business Park, Newgate Lane	Trade	0	100	100
Marazul, LDA	S, Domingos de Rana (Portugal), Estrada Nacional, 249,4	Trade	0	100	100
Astral Piscine, S.A.S,	Perpignan (France), Avenue Maurice Bellonte	Trade	0	100	100
Astral Escandinavia AS	Rodekro (Denmark), Kometves, 28	Trade	0	100	100
Astral Middle East FZE	Jebel Ali (Dubai), Warehouse JB 3/4 Roundabout 8	Trade	0	100	100
Astral Pool Deutschland Gmbh	Hirschberg (Germany), Carl-Benz Strasse, 18	Trade	0	100	100
Astral Bazenove Prislusentsvi, S,R,O,	Doubravice, 86 (Czech Republic)	Trade	0	85	85
Astral Havuz Ekipmanlari Sanayi	Karial, Ningbo (Turkey), Gavusoglu Mav Meseli Ayazma Mavkii Selviyolu Sok	Trade	0	51	51
Astral Products, INC	Jacksonvile (USA) 8525 Mallory Road	Trade	0	97	97

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Mercamaster Group, S,L,U,	Av, Francesc Macià 38, pl, 16	Holding company	0	100	100
Zao Astral SNG	Odincovo (Russia), Mokovskaya Oblast	Trade	0	70	70
Maghrebine Des Equipments d'Eau, S.A.R,L,	Casablanca (Morocco), Moulay Slimane Depot 8	Trade	0	0	51
Astral Pool Group, S,L,	Sabadell (Barcelona, Spain), Avenida Francesc Macià 38	Services	0	100	100
Astral Export, S.A.	Barberà del Vallès (Barcelona, Spain), Mogoda 75, Pl, Industrial Can Salvatella	Trade	0	95	95
Magyar Astral Pool, Kft,	Budapest (Hungary), Ipacsfa Utca, 6	Trade	0	90	90
Astral Pool Chile, Sociedad Anónima Cerrada	Santiago de Chile (Chile) Causeway Bay, c/ El Conquistador del Monte,	Trade	0	60	60
Astral Pool Polska, S.A.	Wroclaw (Poland), U,L, Borowska, 264, 50-558	Trade	0	85	85
Pool Supplier, S,L,U,	Polinyà (Barcelona, Spain), Pintor Velázquez 10	Trade	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Astral India Private, Limited	Maharashatra (India), Mumbai, The Sangeet Plaza, C,T,S, 598, Marol Maroshi Road	Trade	0	88	88
Astral Pool Switzerland, S.A.	Lugano (Switzerland), Via Curti 5	Trade	0	98,80	98,80
Astral Pool Mexico, S.A. de C,V,	Jalisco (Mexico), Broca 2605 Lote 13, Alamo Rivera y Juan de la Barrera	Trade	0	70	70
Schwimmbad-Sauna-Ausstanttung Gesellshaft m,b,H,	Grödig (Austria), Unterbergstrasse 10	Trade	0	74	74
Astral Pool Hellas	Lakko Katsari (Greece), Aspropyrgos Attikis	Trade	0	80	80
Ya Shi Tu (Ningbo) Water Treatment Equipment, LTD	Ningbo (China), Rm 4168, Xing Nong Building	Trade	0	100	100
Astral Pool Balkans JSC	Plovdiv (Bulgaria), Marica Boulevard	Trade	0	66,66	66,66
Moderne Wassertechnick AG (MTH)	Gliching (Germany), Lilienthalstr, 8	Trade	0	80	80
Astral Pool SinPGCore, PTE LTD	SinPGCore, MacPherson Road 565	Trade	0	85	85
Catpool, S.A. de C,V,	Mexico	Trade	0	99	99

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Astral Pool Hong Kong, Co,, Limited	Hong Kong (China), unit 1205, 12/F Sino Plaza, 225 Gloucester Rd,	Trade	0	100	100
Hurcon Holdings PTY LTD	Victoria (Australia), 48 Hanna Street, Noble Park	Holding company	0	100	100
Auric Pool, S.A.U,	Polinyà (Barcelona, Spain), Ametllers 6	Holding company	100	0	100
Unipen, S,L,	Polinyà (Barcelona, Spain), Passeig Sanllehy, s/n	Production	0	100	100
Metalast, S.A.U,	Polinyà (Barcelona, Spain), Pº Sanllehy 25	Manufacture of swimming-pool equipment	0	100	100
Poltank, S.A.U,	Tortella (Gerona, Spain), Crta, De Salas s/n	Manufacture of swimming-pool equipment	0	100	100
Llierca Naus, S.A.	Sant Jaume de Llierca (Gerona, Spain), Polígono Industrial Plà de Politger, s/n	Real estate	0	100	100
Sacopa, S.A.U,	Sant Jaume de Llierca (Gerona, Spain), Polígono Industrial Plà de Politger, s/n	Manufacture of swimming-pool equipment	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Revicer, S,L,U,	Arganda del Rey (Madrid, Spain), Mercurio s/n, Nave 6, Polígono Industrial Finanzauto	Manufacture of swimming-pool equipment	0	100	100
Unistral Recambios, S.A.U,	Massanet de la Selva (Girona), Polígono Industrial Puigtió, Calle B	Trade	0	100	100
Exexpool, S,L,U,	Polinyà (Barcelona), Ametllers, 6	Services	0	100	100
Master Riego, S.A.	Algete (Madrid), c/ el Nogal, 3, nave 2, Pol, Ind, Los Nogales	Trade	0	86	86
Talleres de Agua, S,L,	Los Corrales (Cantabria), Pl, Barros Parcela 12	Manufacture of swimming-pool equipment	0	80	80
Maber Plast, S,L,	Sant Joan les Fonts, (Girona), Polígon Industrial de Begudà, 17-18	Manufacture of swimming-pool equipment	0	60	60
Togama, S.A.	Villarreal de los Infantes (Castellon), Carretera de Onda, Km, 6	Manufacture of swimming-pool equipment	0	70	70
Ningbo Dongchuan Swimming Pool Equipements Co,, Ltd	Dongquiao Town (Ningbo), Dongquiao Town Yinzhou	Trade and manufacture of swimming-pool equipment	0	70	70

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
	Town				
Ningbo Linya Swimming Pool & Water Treatment Co,, Ltd	Beilun (Istanbul), Dagang Industrial City, Ninbo Economic & Technical Development Z	Production	0	100	100
Turcat Polyester Sanayi Ve Ticaret Anonim Sirketi	Karial, Gavusoglu Mah, Meseli Ayazma Mavkii Selviyolu Sok	Production	0	99,85	99,85
Europeenne de Couverture Automatiques, S.A.R,L,	Perpignan, ZAC de Torremilla, 105, rue de Henry Potez	Sells and manufac-tures swimming-pool equipment	0	100	100
Productes Elastomers, S.A.	Sant Joan les Fonts (Girona), Polígono Pla de Cisteller, s/n	Manufacture of swimming-pool equipment	0	70	70
Aquant (Shangai) Trading Co,, Ltd	Shangai, Building 4, No 1315 Shunguang Road, Minhang District	Sells and manufac-tures swimming-pool equipment		100	100
I,D, Electroquímica, S,L,	Alicante, Dracma Parcela R-19, Pi Atalayas	Manufacture of swimming-pool equipment	0	60	60
Cepex Holding, S.A.U,	La Garriga (Barcelona), Ramón Ciurans, 40	Holding company	100	0	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Cepex, S.A.	Granollers (Barcelona), Lluis Companys, 51-53	Manufacture	0	100	100
Forplast, S.A.U,	Les Franqueses del Vallès (Barcelona), Barcelonès, 15 Pol, Ind, del Ramasa	Manufacture	0	100	100
Vàlvules i Racords Canovelles, S.A.	La Garriga (Barcelona), Ramon Ciurans, 40	Manufacture	0	80	80
Cepex USA, INC	Jacksonville, 8003 Westside Industrial Drive	Trade	0	80	80
Cepex, S,R,L	Brescia, Via Aldo Moro, 10	Trade	0	79	79
Cepex Portugal, LTD	Qª Do Anjo, Quinta da Marquesa Herdade Da Quinta Torre Armazen nº 1F	Trade	0	80	80
Cepexser, S,L,	La Garriga (Barcelona), Ramon Ciurans, 40	Services	0	100	100
Cepex france, SAS	Nimes, Ambroise Pare, 121	Trade	0	100	100
Pro Cepex, S,R,L,	Casablanca, 73 BD Moulay Slimane, 22 Bis	Trade and production	0	70	70

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Cepex, GmbH	Munich, Sternstrasse, 11	Trade	0	100	100
Manufactures de Plàstics Solà, S.A.	Vic (Barcelona), Mas de la Mora, 20, Parc Activ, Econ, Osona	Manufacture	0	100	100
Cepex Comercial, S.A.U	La Garriga (Barcelona), Ramon Ciurans, 40	Trade	0	100	100
Agro-Cepex, S.A.R,L,	Casablanca, 73, Bd Moulay Slimane, 22 Bis Ain Sebaa	Trade	0	80	80
Cepex Mexico, S.A.	Dongquiao Town, Torre del Bosque-PH Blvd, Manuel Avila Camacho, 24	Trade	0	100	100
Pexce Inmobiliaria, S,L,	La Garriga (Barcelona), Ramon Ciurans, 40	Real estate	0	100	100
Cepex Middle East, FZE	Jebel Ali (Dubai), Warehouse nº FZS1BA05	Trade	0	100	100
Ningbo XI Pei Valves Fittings Industries Co, Ltd	Beilun (Ningbo), nº 27 Laoshan Road, Netz Dagang Ind, City	Manufacture	0	100	100
Irrigaronne, S.A.S,	Valladolid, Zone Industrielle de BOE 4750 BOE	Trade	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Airria, S.A.S	Agen, Zone Industrielle de BOE 4750	Trade	0	100	100
CFI Environment, S.A.R,L,	Agen, ZI, de BOE 47550 BOE	Trade	0	100	100
European Corner, S.A.	Sabadell (Barcelona), Av, Francesc Macià, 38 planta 16ª	Holding company	0	100	100
Industria Mecanicas Lago, S.A.	Sant Julià de Ramis (Girona), Muntanya s/n Pol, Ind, La Rasa	Trade and manufacture of swimming-pool equipment	0	100	100
Cerikin International, Limited	Witney Oxfordshire, Witan Park Avenue 2 Station Lane Industrial Estate	Trade and production	0	100	100
Hydroswim International	St, Philbert De Grand Lieu (Nantes), Rue des Marais, 44310	Manufacture of swimming-pool equipment	0	100	100
Certikin Pool Iberica, S,L,	Palafolls (Barcelona), Poligono Industrial Mas Puigverd-Oeste, parcela 3 nº 19	Trade and manufacture of swimming-pool equipment	0	100	100
Certikin France, S.A.S,	St, Philbert De Grand Lieu (Nantes), Rue des Marais,	Trade	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
Comercial de Exclusivas Interacionales Blage, S,L,	Mataró (Barcelona), Ctra, Nacional II, Km 649	Trade and manufacture of swimming-pool equipment	0	88,8	88,8
H2O Life Limited	Witney Oxfordshire, Witan Park Avenue 2 Station Lane Industrial Estate	Trade	0	100	100
Swimco Corp, S,L,	Mungia (Vizcaya), Ctra, de Mungia a Gernika Km 0,5 Barrio de Trobika s/n	Holding company	77,42	22,58	100
Meip International, S,L,	Barberà del Vallès (Barcelona), Mogoda 75 P,Ind, Can Salvatella	Distribution and trade	0	100	100
Manufacturas Gre, S.A.U,	Mungia (Vizcaya), Aritz Bidea, 57	Trade and manufacture of swimming-pool equipment	0	100	100
Neokem Grup, S.A.U,	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can Salvatella	Holding company	100	0	100
C,T,X,, S.A.	Polinyá (Barcelona), Pintor Fortuny, 6	Trade and manufacture	0	100	100
Inquide, S.A.U,	Barberà del Vallés (Barcelona),	Manufacture	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
	Mogoda, 75 P,I, Can Salvatella				
CTX Piscine, SARL	Perpignan, Zone Industrielle Toprremilla, 129, Rue Henry Potez	Trade	0	95	95
CTX Chemicals, SARL	Bedizzole, Via Trebocche, 3	Trade	0	85	85
Aquaambiente tratamiento de aguas o soluçoes para o ambie	S, Domingos de Rana, Estrada de Polima, Lote B, Escrilorio	Trade	0	80	80
Inquide Flix, S.A.U,	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can Salvatella	Manufacture	0	100	100
Waterchem, A,I,E, (en transformación)	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can Salvatella	Services	0	100	100
Iwerquímica, S,L,	Cuarte de Huerva (Zaragoza), Río Gallego, 27	Manufacture	0	100	100
SNTE Agua Group, S.A.U,	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can Salvatella	Holding company	100	0	100
Astramatic, S.A.	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can	Trade and manufacture	0	100	100

Group Company	Registered Office	Business Activity	Interest (as a %)		Total interest %
			Direct	Indirect	
	Salvatella				
Servaqua, S.A.U,	Balsareny (Barcelona), Indústria s/n P,I, La Coromina	Trade and manufacture	0	100	100
Societé Nationale de Traitement des Eaux-SNTE, S.A.S,	Domont, 3 Rue des Charpentiers, ZAE Plaine des Fauvettes	Trade	0	100	100
Grupsente, S,L,U,	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can Salvatella	Services	0	100	100
SNTE Esp, S,L,U,	Barberà del Vallés (Barcelona), Mogoda, 75 P,I, Can Salvatella	Trade	0	100	100
ATH Aplicaciones Técnicas Hidraúlicas, S,L,	Cervelló (Barcelona), Joan Turroella i Uprina, 31	Manufacture	0	80	80

8. PROPERTY, PLANTS AND EQUIPMENT

8.1. Information regarding any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon

8.1.1. Description of plants

Fluidra carries on its business activities through its production plants, sales offices (both in Spain and abroad), a centralised logistics operator and several other centres:

Division	Type	Nr of Contracts (*)	Type	M^2	Starting-up	Exp,	Rent	Net Book Value
Pool	Production	9	Freehold	23,496	1970-2000			5,188
Water	Production	11	Freehold	47,327	1982-2006			32,857
Pool	Production	38	Leasehold	90,666	1973-2006	2007-2017	3,221	
Water	Production	15	Leasehold	22,220	1993-2006	2007-2015	812	
	Production	**73**		**183,709**			**4,033**	**38,045**
Pool	Distribution	17	Freehold	40,734	1979-2005			12,248
Water	Distribution	3	Freehold	8,941	1989-2005			4,403
Pool	Distribution	106	Leasehold	127,928	1992-2006	2007-2020	6,051	
Water	Distribution	19	Leasehold	24,374	1998-2006	2007-2013	1,083	
	Distribution	**145**		**201,977**			**7,134**	**16,651**
Pool	Other	1	Freehold	24,228	2002			9,720
Pool	Other	7	Leasehold	5,558	2003-2006	2007-2013	332	
	Other	**8**		**29,786**			**332**	**9,720**
Water	New acq,	1	Freehold	8,874	2000			72
Water	New acq,	11	Leasehold	6,867	2000-	2009-	613	

Division	Type	Nr of Contracts (*)	Type	M²	Starting-up	Exp,	Rent	Net Book Value
					2007	2018		
	New acq,	**12**		**15,741**			**613**	**72**

(*) This column shows the number of leases signed, which does not necessarily match the number of plants, This is due to the fact that more than one contract has been signed for some plants because of subsequent extensions thereto, or because they belong to various owners.

The Head Office is divided into two office floors; floor 16 at Avda, Francesc Macià, 38, in Sabadell, and floors 3 and 4 at Calle Filadors 35, also in Sabadell, The Group's Chairmanship, General Management and Operational and Corporate Management are distributed among these two offices with their corresponding corporate departments.

The leases are all valid, Expired leases are extended on a yearly basis unless the company plans to relocate elsewhere. Leases due to expire in the financial year 2007-2008 are expected to be extended for one year without a significant impact in terms of increase in rent, Some leases are renewed annually, especially in Asian countries.

The conditions of virtually all the leases are standard price review, term -approximately 5 years- which can be extended, lessor and lessee obligations, reasons for cancellation, etc. Except in certain cases, such as leases signed in the United Kingdom and France, there are no penalty clauses if the agreed term is not completed, In the majority of cases, prices are reviewed in line with the consumer price index in each country. There are no other clauses requiring special attention.

Below are details of Distribution by square metres based on Production, Distribution and others:

	Pool (M2)					
	Leasehold	**%**	**Freehold**	**%**	**Total**	**%**
Production	90,666	79%	23,496	21%	114,162	37%
Distribution	127,928	76%	40,734	24%	168,662	54%
Other	5,558	19%	24,228	81%	29,786	9%
	224,152	**72%**	**88,458**	**28%**	**312,610**	**100%**

	WATER (M2)					
	Leasehold	%	Freehold	%	Total	%
Production	22,220	32%	47,327	68%	69,547	68%
Distribution	24,374	73%	8,941	27%	33,315	32%
	46,594	**45%**	**56,268**	**55%**	**102,862**	**100%**

	Total (M2)					
	Leasehold	%	Freehold	%	Total	%
Production	112,886	61%	70,823	39%	183,709	44%
Distribution	152,302	75%	49,675	25%	201,977	49%
Other	5,558	19%	24,228	81%	29,786	7%
	270,746	**65%**	**144,726**	**35%**	**415,472**	**100%**

8.1.2. Details of tangible assets

The following table gives details of tangible assets as at 31 December 2006 and 2005 according to EU-IFRS and at 31 December 2005 and 2004 according to PGC, broken down by division (POOL and WATER),

	EU-IFRS			PGC	
Thousands of euros	**31/12/2006**		**31/12/2005**	**31/12/2005**	**31/12/2004**
	Pool	**Water**	**Pool**	**Pool**	**Pool**
Land and buildings	33,589	39,740	29,729	27,617	29,351
Plant and machinery	62,885	40,938	51,815	44,660	34,416
Fixtures and fittings and other equipment	49,168	32,762	44,828	42,731	36,415
Other fixed assets	12,481	3,073	10,843	9,666	8,799
Construction work in progress	3,370	1,852	2,240	2,240	418
Total Cost	**161,493**	**118,365**	**139,455**	**126,914**	**109,399**
Buildings	(6,433)	(2,480)	(4,635)	(4,367)	(3,613)

Thousands of euros	EU-IFRS 31/12/2006 Pool	EU-IFRS 31/12/2006 Water	EU-IFRS 31/12/2005 Pool	PGC 31/12/2005 Pool	PGC 31/12/2004 Pool
Plant and machinery	(33,139)	(25,049)	(26,362)	(23,836)	(22,549)
Fixtures and fittings and other equipment	(36,356)	(23,407)	(31,128)	(30,216)	(22,264)
Other fixed assets	(8,251)	(1,828)	(7,355)	(6,975)	(5,733)
Construction work in progress					
Total Accumulated Depreciation	**(84,179)**	**(52,764)**	**(69,480)**	**(65,394)**	**(54,159)**
NBV of Tangible Assets	**77,314**	**65,601**	**69,975**	**61,520**	**55,240**

8.1.3. Details of tangible assets held under finance lease agreements

The Group holds a number of assets under finance lease agreements, which relate primarily to buildings and machinery, As at 31st December 2006, the value of assets held under finance lease agreements was:

	EU-IFRS Thousands of euros 2006
Buildings	24,531
Plant and machinery	8,073
Other equipment	1,238
Fixtures and fittings	57
Computers	521
Moulds	1,045
Transport equipment	1,059
Other fixed assets	420
	36,944
Less accumulated depreciation	(6,744)

	EU-IFRS
	Thousands of euros
	2006
Balance as at 31 December	30,200

In addition, as at 31st December 2006, a number of properties were mortgaged as security for the payment of bank loans worth 10,580 thousand euros (see Section 10,3), secured by the Group for a net book value of 11,221 thousand euros as shown in the EU-IFRS consolidated financial statements for the financial year 2006 (Notes 6 and 19),

The principal finance leases relate to immovable property, The term of these leases is between 8 and 15 years, and the rate of interest is linked to Euribor plus a spread of between 0,50% and 1,00%,

Finance leases on movable property are less relevant than the above leases, They are for a shorter duration, usually 4-5 years, though the interest rates are very similar (spreads of between 0,50% and 1%),

8.1.4. Insurance

The Company is insured under a multi-group insurance policy, covering the risks associated with its business activity and that of its POOL and WATER divisions, The contracted insurance policy covers public liability for personal injury or property damage to third parties caused by defective company products, This cover applies up to the stated claim limit and subject to specified conditions as usually apply for this type of contract, The company's main public liability insurance policy, provided by Zürich, S.A.: (i) covers the damage caused to third parties by defective products; (ii) has a maximum annual payout per claim of 10 m euros;(iii) has a maximum annual payout for product withdrawal of 1 m euros; (iv) has a policy term of one year which will elapse on the 31st December 2007; (v) the annual premiums for this insurance policy in previous years totalled 128 thousand euros for 2006, 214 thousand euros for 2005 and 166 thousand euros for 2004, and (vi) the premiums to be paid for 2006 have yet to be revised according to the actual sales recorded in the financial year to which they relate,

Due to the organizational structure of the Group, each of its companies manages risk independently and therefore takes out directly the most adequate individual insurance policy, The main insurance policies taken out by the Group include: Multi-Industry Policy, covering public liability to third parties, accident or life insurance, depending on the clauses set out in the applicable collective agreement; transport policy, in all its possible forms, and the credit risk policy, Grupo Fluidra Services, S.A.U is also, however, covered by a public liability insurance policy for directors and upper levels of management, which provides cover for all the directors and senior managers of the Company and the other companies within the Group, The total premium amount paid by Fluidra Services, S.A.U, for the aforementioned policy in 2006 came to 53 thousand euros (including tax),

8.2. <u>Description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets,</u>

Fluidra carries out its industrial activity in full compliance with applicable environmental regulations, Thus i) it is equipped with environmental management systems certified with ISO 14001; (ii) some of the companies within the Group (Poltank, S.A. and Sacopa S.A.) have been certified under Regulation "EMAS" (European Management and Auditing System); and (ii) procedures have been put in place to assess and identify environmental risks for which targets should be set in terms of prevention and continuous improvement,

To follow is a schematic list of the main obligations the Fluidra Group must adhere to under the Spanish regulations for each environmental sector in which it operates:

- <u>Environmental licences and permits</u>: the facilities of the Group where the industrial activities take place have the required environmental licences and permits or, in some cases, are in the process of obtaining their adaptation to the environmental regulations that are being approved.

- <u>Waste water</u>: The Group's work sites for industrial activity are equipped with adequate waste water treatment and purification systems as well as quality control mechanisms for dumping of waste water which are consistent with the authorisations granted to the Group,

- <u>Waste</u>**:** Correct waste management is carried out at Fluidra work sites, and thought is paid to reducing the amount generated, Waste is delivered to authorised companies to be transported and managed in a way that is appropriate to its nature and composition, The Group also promotes investigation into reduction of certain waste products and complies with administrative requirements concerning declaration and supplying of information.

- <u>Packaging and packaging waste</u>: Fluidra correctly manages packaging and packaging waste, complying with existing obligations in this field, either individually or through SIG (Integrated Waste Management System), Furthermore, it has formulated plans for the prevention and reduction of packaging waste,

- <u>Electric and electronic equipment:</u> On work sites to which regulations concerning electric and electronic equipment apply, the correct collection and management of this type of equipment is carried out, either individually or through SIG, Fluidra also ensures that all documentary and reporting obligations imposed by current regulations are complied with,

- <u>Atmospheric emissions</u>: Atmospheric emissions caused by Fluidra are as much the result of human activity within its work areas as a result of its production process. Except for some specific cases, the existing emission sources are provided with a log book and registered with the relevant registries, The Group also ensures that the emission limits stated in the corresponding licenses or authorisations are adhered to,

- Noise: A few Fluidra production plants are especially affected by the regulations governing noise pollution, As a result, various checks have been carried out on a number of these plants, which have provided proof of compliance with regulations concerning noise pollution,

- REACH Regulations: Fluidra complies with the obligations established under EU REACH regulations relating to specific chemical substances and preparations, This is part of a progressive temporary implementation to ensure adherence to REACH requirements,

Environmental Emergency Plan: Action plans for possible environmental emergencies are in place,

9. OPERATIVE AND FINANCIAL ANALYSIS

9.1. Financial situation

See sections IV,10 and 20,1, of this Prospectus,

9.2. Operational results

Notwithstanding the information contained in chapter IV,20 of this Prospectus, below we include the information by segments included in the IFRS - EU consolidated Financial Statements for the financial year 2006 and 2005 together with comparative information for the financial year 2005 and 2004 pursuant to the criteria of the General Spanish Accounting Plan.

It should be pointed out in this sense that in the years 2005 and 2004 no WATER sector existed, and that the information for the financial period 2006 only includes nine and ten months of the WATER division.

The difference between the sum of the sales and EBITDA of the POOL and WATER divisions, and the sales and EBITDA of the IFRS consolidated profit and loss account, corresponds to the adjustments for intra-sector consolidation, including, among others, sales by WATER to POOL, and their corresponding stock margin adjustment.

Information by sectors WATER and POOL:

	POOL						WATER	
	2006	**% (*)**	**2005**	**% (*)**	**2004 PGC**	**% (*)**	**2006**	**% (*)**
Sale of goods and finished products (1)/ Net turnover	451,996	100%	405,991	100%	374,085	100%	110,229	100%
Gross margin (1)(**)	210,103	46%	191,133	47%	178,523	48%	51,310	47%

	POOL						WATER	
	2006	**% (*)**	**2005**	**% (*)**	**2004 PGC**	**% (*)**	**2006**	**% (*)**
EBITDA (2)(**)	61,517	14%	56,315	14%	53,940	14%	13,436	12%
Profit of the segment and operating profit of continued operations / Operating profit	48,284	11%	43,597	11%	41,433	11%	4,205	4%

(*) This represents the weight of each heading relative to the total "Sales of goods and finished products / Net turnover",

(**) See paragrpah 3,1,4, chapter IV, Information about the Issuer,

(1) Calculated as the difference between "Sale of godos and finished products " and the "Variation of stock of finished products and products in process ",

(2) Calculated as Sales of goods and finished products + income for provision of services – variation of stock and procurements– staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method according to EU-IFRS / Operating profit + provisions for fixed asset amortisation – share of losses of companies included in the accounts by applying the equity method according to PGC (this figure is not included in the annual accounts audited for the financial periods 2005 and 2004,

The POOL division recorded an increase in sales of 8.5% in 2005 and 11.3% in 2006.

The percentage of supplies underwent a slight increase in the year 2006 due to increases in the prices of raw materials and growing competition.

The remaining cost entries remain stable during the three financial years of reference, with a slight upturn in staff costs during the year 2006.

Distribution of expenses

The following table gives details of the ratio of each of the following items in the profit and loss account relative to net sales in respect of the last three financial years (in thousands of euros):

	EU - IFRS			PGC		
Key figures	**2006**	**2005**	**% Change**	**2005**	**2004**	**% Change**
Sale of goods and finished products (1)	521,938	405,991	29%	405,991	374,085	9%
Change in stocks of finished products and work in progress and supplies of raw materials(2)	263,874	214,858	23%	212,898	195,562	9%
Gross margin (3)	**258,064**	**191,133**	**35%**	**193,093**	**178,523**	**8%**

% Gross margin (relative to Sales of goods and finished products / Net turnover)	49%	47%	-	48%	48%	-
Income from services provided (4)	9,104	6,095	49%	6,041	6,440	-6%
% to Sales of goods and finished products	2%	2%	-	1%	2%	-
Rent	13,350	9,426	42%	9,426	8,294	14%
% to Sales of goods and finished products	3%	2%	-	2%	2%	-
Transport of sales	23,441	16,572	41%	16,572	16,513	-
% to Sales of goods and finished products	4%	4%	-	4%	4%	-
Personnel expenses (6)	98,811	68,694	44%	68,694	62,546	10%
% to Sales of goods and finished products	19%	17%	-	17%	17%	-
Other operating expenses (7)	59,482	46,145	29%	44,987	42,733	5%
% to Sales of goods and finished products	11%	11%	-	11%	11%	-
EBITDA (5)	72,007	56,315	28%	57,358	53,940	6%
% margin	14%	14%	-	14%	14%	-
Depreciation	23,134	12,522	85%	13,831	12,614	10%
EBIT (8)	48,873	43,793	12%	43,526	41,326	5%
Financial result	(9,771)	(4,423)	121%	(4,575)	(5,132)	- 11%
Profit before tax	39,712	39,098	2%	32,430	31,462	3%
Profit attributed to holders of asset instruments in the parent company / Profit attributed to the parent company	**27,473**	**26,347**	**4%**	**20,794**	**20,316**	**2%**

(1) Regarded as "Net turnover" under PGC nomenclature

(2) Regarded as "Procurements" + "Change in stocks of Finished Products and work in progress" under PGC nomenclature

(3) Gross margin calculated as (1)-(2)

(4) Regarded as "Other operating expenses" + "Work carried out by the Group for Fixed Assets" under PGC nomenclature

(5) Calculated as Sales of goods and finished products + income for provision of services – variation of stock and procurements– staff expenses – other operating expenses + Profit sharing /(losses) in the financial year of the companies included in the accounts by applying the equity method

(6) Personnel expenses includes wages and salaries, Social Security and other national insurance expenses

(7) Calculated as "Other operating expenses" (regarded as "Other operating expenses" + "Change in trade provisions" under PGC nomenclature, with the latter item including only the provision for

debtors) deducted from rental expenses and transport of sales as detailed above,

(8) EBITDA –Amortisation expenses / Fixed asset amortisation provisions,

According to the above data, the increase in gross margin for 2006 was higher than that recorded in previous financial years due to the incorporation of the WATER Division and to the integration of its gross production margin,

The other items remained rather stable in relation to sales, though personnel expenses increased above the rate of growth in sales due to the incorporation of the WATER Division, As a result, leases also experienced an increase above inflation following the opening of new sales offices and production plants,

Return on equity (ROE)

This is obtained by dividing the consolidated profit of the Group by its Net Equity, The ROE measures the net return on the investment made by shareholders at its book value, The ROE for the last three financial years is shown below:

	EU - IFRS		PGC	
	2006	**2005**	**2005**	**2004**
Net Equity/Shareholders' Funds+External Partners' Interests+Deferred Profit	288,993	187,525	182,258	165,723
Profit attributed to holders of net asset instruments in the parent company	27,473	26,347	20,794	20,316
ROE	10%	14%	11%	12%

As can be seen from the above table, return on equity fell in the last financial year due to the capital increase carried out to acquire Neokem Grup, S.A. and Cepex Holding, S.A., which resulted in a rise in Net Equity,

Total leverage ratio

The total leverage ratio is calculated by dividing the total assets by the Net Equity at its book value as at year end,

	EU - IFRS		PGC	
	2006	**2005**	**2005**	**2004**
Total assets	660,952	397,129	391,312	367,089
Net Equity/ Shareholders funds+External Partners' Interests+Defe	288,993	187,525	182,258	165,723

	EU - IFRS		PGC	
	2006	**2005**	**2005**	**2004**
rred Profit				
Total leverage ratio	2,29	2,12	2,15	2,22

As can be seen from the above table, this ratio shows that half of the Group's assets have been financed through shareholders' funds during the last three financial years under consideration,

The increase in the leverage ratio for the year 2006 was caused by the acquisitions carried out in that year,

Provision policy

(thousands of euros)	EU - IFRS 2006	EU - IFRS Increase in 2005	EU - IFRS 2005	PGC 2005	PGC Increase in 2004	PGC 2004
Other provisions	4,286	1,748	2,538	2,538	717	1,821

The above table shows the balance of the 'Provisions for Risks and Charges' account recorded under the liabilities chapter In the Company's Financial Statements. As can be seen from the table, in the last three financial years the Group has made provisions to meet the foreseeable risks associated with the current operations of the Group companies and the financial commitments relating to employees' retirement bonuses, as required under the collective work agreement to which the Group company is subject, or by the legislation of the country concerned, as appropriate.

The increase recorded between 2005 and 2006 is due primarily to the incorporation of the provisions of the WATER division.

9.2.1. Information regarding significant factors, including unusual or infrequent events or new advances, which might noticeably affect the income of the issuer from transactions, indicating to what extent income has been affected

Significant factors that occurred in 2006 included the creation through acquisition of the WATER division, with significant impact on sales and results.

In order to evaluate the quantitative effects of this acquisition, see Annex V, which includes comparative pro forma consolidated financial information in respect of 12 months and 6 months made up to 31 December 2006 and 30 June 2006.

9.2.2. When the Financial Statements reveal significant changes in net sales or income, provide a narrative comment on the reasons for such changes

See above in this section and Annex V.

9.2.3. Information regarding any action or factor of a governmental, economic, fiscal, monetary or political nature which, directly or indirectly, might have affected or could affect significantly the transactions of the issuer

Neither during the last three financial years closed, nor in the financial year in progress have any relevant legislative amendments taken place which might affect the transactions of the Group. The main factors which might have an impact on the expectations of the Group are those set forth in Chapter II, Risk Factors of this Prospectus.

10. FINANCIAL RESOURCES

10.1. Information regarding the financial resources of issuer (short- and long-term)

To date, the resource needs of the Fluidra Group have been met mainly through the combination of cash generated during the ordinary course of business of the Fluidra Group, share capital increases subscribed for through non-monetary contributions and bank financing, both long-term and short-term.

10.1.1. Net Worth

The composition by entries under the item "Net Worth" for the consolidated balance sheet of Fluidra as on 31 December 2006, 2005 and 2004 was as follows:

	EU-IFRS		% Change	PGC		% Change
Net Equity/Shareholders Funds+External Partners' Interests+Deferred Profit	**31,12,06**	**31,12,05**	**05-06**	**31,12,05**	**31,12,04**	**05-04**
Share capital	112,629	90,303	25%	90,303	90,303	-
Share premium account	92,831	35,547	161%	35,547	35,547	-
Reserves of the parent company	-	-	-	7,215	12,895	(44%)
Reserves in companies consolidated using the global or proportional integration method	-	-	-	29,108	7,577	284%
Reserves in companies consolidated using the equity method	-	-	-	(77)	(154)	(50%)
Profits attributable to the Parent Company	-	-	-	20,794	20,316	2%
Accumulated gains	84,125	62,802	34%	-	-	-
Exchange differences				188	(604)	(131%)
Interim dividends paid in the financial year	(6,500)	(6,150)	6%	(6,150)	(4,497)	37%
Income and expenses recognised	(73)	305	(124%)	-	-	-
Assets attributable to equity holders of the parent company/Shareholders Funds	**283,012**	**182,807**	**55%**	**176,928**	**161,383**	**10%**
Minority interests/ External Partners' Interests	5,981	4,718	27%	4,718	3,866	22%

Net Equity/Shareholders Funds+External Partners' Interests+Deferred Profit	EU-IFRS 31,12,06	EU-IFRS 31,12,05	% Change 05-06	PGC 31,12,05	PGC 31,12,04	% Change 05-04
Deferred income				612	474	29%
Total	**288,993**	**187,525**	**54%**	**182,258**	**165,723**	**10%**

The main movements occurring in accounts of Net Worth during the financial years 2006, 2005 and 2004 were the following:

i) Incorporation of the consolidated result of the Fluidra Group for the amount of 27,473 thousand euros, 26,347 thousand euros for the financial years 2006 and 2005 pursuant to EU-IFRS and 20,794 and 20,316 thousand euros for the financial years 2005 and 2004 pursuant to PGC, respectively.

ii) Distribution of dividends of Fluidra for the amount of 6,500 thousand euros, 6,150 thousand euros and 4,497 thousand euros for the financial years 2006, 2005 and 2004 respectively.

iii) Increase in capital dated 30 March 2006, of 22,326 thousand euros, through the issue of 22,326,138 new shares of 1 euro face value each, in return for non-monetary contributions consisting of 100% of the shares in the companies Cepex Holding S.A., Neokem Grup S.A. and ADBE Cartera S.A. The shares of Fluidra were issued with an issue premium of 57,284 thousand euros. As a result, the total value of the issue of new shares in Fluidra came to 79,610 thousand euros.

Below is the composition of the financing structure of the financial years 2006, 2005 and 2004:

	EU-IFRS				PGC				Change	
	31,12,06	% s/total	31,12,05	% to total	31,12,05	% to total	31,12,04	% to total	EU-IFRS 06-05	PGC 05-04
Net Assets/Shareholders Funds + External shareholders' interests + Deferred income	288,993	44%	187,525	47%	182,258	47%	165,723	45%	54%	10%

	EU-IFRS				PGC				Change	
	31,12,06	% s/total	31,12,05	% to total	31,12,05	% to total	31,12,04	% to total	EU-IFRS 06-05	PGC 05-04
Non-current liabilities/Long term creditors + Provisions for risks and charges	139,337	21%	70,394	18%	68,269	17%	60,509	16%	98%	13%
Current liabilities/Short term creditors	232,622	35%	139,210	35%	140,785	36%	140,857	38%	67%	0%
Total liabilities and net assets	**660,952**	**100%**	**397,129**	**100%**	**391,312**	**100%**	**367,089**	**100%**	**66%**	**7%**

The variation between 2005 and 2006 was due mainly to the purchase of the groups of companies comprising the WATER division: Cepex, Neokem and SNTE, which incorporated 28,077 thousand euros of non-current liabilities and 79,240 thousand euros of current liabilities,

10.1.2. Net financial position

	EU-IFRS		Change
	31,12,06	31,12,05	06-05
Non-current financial assets 1	5,348	3,085	73%
Other current financial assets 2	3,055	2,629	16%
Cash and cash equivalents 3	54,347	46,022	18%
Equity attributable to equity holders of the parent company 4	288,993	187,525	54%
Financial liabilities with financial institutions – non current 5	101,817	59,823	70%
Financial liabilities with financial institutions – current 6	117,574	64,455	82%
EBITDA 7	72,007	56,315	28%
Gross Financial Debt (GFD) (5+6) 8	**219,391**	**124,278**	77%
Net Financial Debt (NFD) (1+2+3-5-6) 9	**156,641**	**72,542**	116%
Total Liabilities and Net Assets 10	**660,952**	**397,129**	66%
%NFD/Total Liabilities and Net Assets (9/10)	**24%**	**18%**	-
Short-term Financial Debt / Total debt (6/8)	**54%**	**52%**	-
GFD/EBITDA (8/7)	**3,05**	**2,21**	38%
NFD/EBITDA (9/7)	**2,18**	**1,29**	69%

	EU-IFRS		Change
	31,12,06	**31,12,05**	**06-05**
NFD/Net equity (9/4)	**0,54**	**0,39**	40%
Available/Short-term Financial Debt (2+3)/6	**49%**	**75%**	-

	PGC		Change
	31,12,05	**31,12,04**	**05-04**
Financial assets 1	3,227	2,825	14%
Short-term investments 2	15,011	7,901	90%
Cash and Banks3	33,572	30,476	10%
Shareholders Funds + External Partners' Interests + Deferred profit4	182,258	165,723	10%
Long-term payables to financial institutions 5	60,513	50,572	20%
Short-term payables to financial institutions 6	64,532	57,380	12%
EBITDA 7	57,358	53,940	6%
Gross Financial Debt (GFD) (5+6) 8	**125,045**	**107,952**	16%
Net Financial Debt (NFD) (1+2+3-5-6) 9	**73,235**	**66,750**	10%
Total Liabilities 10	**391,312**	**367,089**	7%
%NFD/Total Liabilities (9/10)	**19%**	**18%**	-
Short-term Financial Debt / Total debt (6/8)	**52%**	**53%**	-
GFD/EBITDA (8/7)	**2,18**	**2,00**	9%
NFD/EBITDA (9/7)	**1,28**	**1,24**	3%
NFD/Shareholders Funds (9/4)	**0,40**	**0,40**	-
Available/Short-term Financial Debt (2+3/6)	**75%**	**67%**	-

As mentioned in the previous section, the increase in the net financial debt between the financial years 2005 and 2006 occurred due to the purchase of the groups of companies comprising the WATER division: Cepex, Neokem and SNTE, which incorporated 73,249 thousand euros of net financial debt,

On observing the net financial position as on 31 December, the seasonal nature of the sales must be taken into account, the most significant concentration of which occurs between the months of March and July, which means that at year end the cash surplus situation is demandable in the summer months in order to meet the financing needs,

10.2. Explanation of the sources and amounts and narrative description of the cash flows of the issuer

10.2.1. Cash flow situation

	EU-IFRS		PGC	
	2006	**2005**	**2005**	**2004**
Net cash generated by operating activities	50,866	17,767	19,484	29,051
Net cash generated by investment activities	(43,596)	(17,237)	(18,953)	(14,700)
Net cash generated by financial activities	852	8,956	8,956	(3,578)
Effect of exchange differences on cash	203	217	217	10
Net change in the cash position(*)	8,325	9,703	9,704	10,783

(*) Net increase of cash and cash equivalents + effects of the exchange differences in the cash.

On analysing the consolidated cash flow situation, it can be seen that the cash resources generated by operating activities are devoted to investment activities, the cash generated by financial activities in the year 2005 being the net change in the cash situation,

This was not the case in the financial year 2004, in which the greater cash flow generated by operating activities and the lower level of investment resulted in the repayment of financial liabilities.

There exists a significant change between 2005 and 2006 caused mainly by two reasons: (i) firstly, the greater activity of Fluidra; and (ii) secondly, better management of the circulating capital, which has enabled an increase in the investment capacity of Fluidra of 26 million euros, generating a surplus of 7,270 thousand euros (between operating and investment activities).

For a more detailed breakdown of the consolidated cash flow situation, see section IV, 20,1,4 of this Prospectus.

10.2.2. Working capital

Current assets	EU-IFRS 31,12,06	31,12,05	% Var 06-05
Stocks (1)	136,441	94,631	44%
Trade debtors and other accounts receivable (2)	142,900	84,644	69%
Accounts payable for the purchase and provision of services (3)	(79,088)	(50,351)	57%
Basic Operating Working Capital (1) + (2) + (3) = A	**200,253**	**128,924**	**55%**
Current tax assets (4)	857	-	-
Other current financial assets (5)	3,055	2,629	16%
Other accounts payable (6)	(7,262)	(2,068)	251%
Fixed assets suppliers (7)	(9,129)	(7,101)	29%
Public administrations +Tax on current gains (8)	(12,403)	(10,945)	13%
Outstanding remuneration (9)	(6,365)	(4,058)	57%
Provisions (10)	(753)	(232)	225%
Derivative financial instruments (11)	(48)	-	-
Operating Working Capital A + (4) + (5) + (6) + (7) + (8) + (9) + (10) + (11) = B	**168,205**	**107,149**	**57%**
Cash and cash equivalents (12)	54,347	46,022	18%
Financial liabilities with financial institutions (13)	(117,574)	(64,455)	82%
Net Working Capital = B+(12)+(13)	**104,978**	**88,716**	**18%**

Circulating assets	PGC 31,12,05	31,12,04	% Var 05-04
Stocks (1)	93,993	92,107	2%
Debtors for services provided (2)	80,106	71,327	12%
Accounts payable for the purchase and provision of services (3)	(50,351)	(58,387)	(14%)
Basic Operating Working Capital (1) + (2) + (3) = A	**123,748**	**105,047**	18%
Sundry debtors (4)	3,048	2,183	40%
Provisions for bad debts (5)	(8,098)	(6,050)	34%

Public Administrations (6)	11,205	9,201	22%
Short-term investments (7)	15,011	7,901	90%
Accruals and prepayments (8)	1,154	1,774	(35%)
Other accounts payable / Accruals (9)	(2,068)	(2,507)	(18%)
Fixed Assets Suppliers (10)	(7,101)	(7,306)	(3%)
Public Administrations +Tax on current gains / Public Administrations (11)	(12,443)	(11,232)	11%
Outstanding remuneration (12)	(4,058)	(3,881)	5%
Provisions (13)	(232)	(164)	41%
Derivative financial instruments (14)	-	-	-
Operating Working Capital A + (4) + (5) + (6) + (7) + (8) + (9) + (10) + (11) + (12) +(13) + (14) = B	**120,166**	**94,966**	**27%**
Cash and banks (15)	33,572	30,476	10%
Financial liabilities with financial institutions (16)	(64,532)	(57,380)	12%
Total Working Capital = B + (15) + (16)	**89,206**	**68,062**	**31%**

The evolution of the working capital shows a positive variation of 31,07% between the financial years 2005-2004, caused basically by the increase in clients for provision of services of 8,779 thousand euros, derived from the increase in turnover between the financial years 2004 and 2005 (8,53%) and accompanied by a slight worsening in the average period for collecting client payments at year end, The rest of the variation is shown in cash and other readily assimilated financial assets,

As regards liabilities, although the absolute figure remains the same, a change in the composition takes place -with a reduction in commercial debts- caused basically by the reduction of the average period for payment to suppliers, to which there is added the increase in the financial liabilities with credit institutions,

On comparing the years 2005 and 2006, it is worth mentioning the incorporation of the companies comprising the WATER division,

Changes in stocks, trade debtors and trade creditors

a) Stock

The section on stock shows the diverse activity of the company:

Goods include those materials purchased from third-party suppliers and which are already finished, for marketing through our distribution network.

The raw materials are all those materials necessary for manufacturing the products that the Fluidra Group markets. These are both raw materials and semi-finished products, conditioning materials which, after undergoing the production process and/or assembly and packaging, turn into finished products.

Finished products are all those products that are marketed to the clients of the Fluidra Group and which have undergone an internal transformation process.

Due to the industrial vocation of the Group, the item with greatest weight is that of finished Products, which includes both the stock held by the commercial network as well as that held by the factories, both in their warehouses and at the Logistics Centre.

The composition by type of stock is as follows:

	EU-IFRS		PGC		Change	
	2006	2005	2005	2004	EU-IFRS 06-05	PGC 05-04
Goods	3,050	3,046	3,050	1,914	-	59%
Raw materials and other supplies	26,860	18,610	18,610	18,421	44%	1%
Finished products and work in progress	106,531	72,975	76,538	73,290	46%	4%
Provisions			(4,205)	(1,518)		177%
Total Stocks	**136,441**	**94,631**	**93,993**	**92,107**	**44%**	**2%**

The progress of the Key Figures associated with the heading “Stock” in the consolidated balance sheet is the following:

	EU-IFRS		PGC	PGC	Change	
	2006	2005	2005	2004	EU-IFRS 06-05	PGC 05-04
Raw materials, goods and other procurements	29,910	21,656	21,660	20,335	38%	7%
Finished products and work in progress	106,531	72,975	76,538	73,290	46%	4%
Provisions	-	-	(4,205)	(1,518)	-	177%

Change in stocks of finished products and work in progress and supplies of raw materials/Supplies	263,874	214,858	213,385	198,204	23%	8%
Change in stocks of Finished Products and work in progress	-	-	487	2,642	-	(82%)
Sales of goods and finished products /Net turnover (1)	521,938	405,991	405,991	374,085	29%	9%
Raw materials and goods turnover (*)	41	37	37	37	11%	-
Finished products and work in progress turnover (**)	74	66	69	72	12%	(4%)

(*) (Goods, Raw materials, and other procurements/ Procurements) * 365 days

(**) (Finished products and work in progress / (1)) * 365 days

The rotation of the raw materials and goods remained stable during the entire period contemplated. The slight upturn in the year 2006 was caused by the incorporation of the companies of the WATER division, as the figure for supplies of this division relates to only 9 months.

The rotation of Finished Products also behaves in a stable manner, except in the year 2006, where there exists a double effect: (i) the incorporation of sales of the WATER division relating only to a period of 9 months; and (ii) the incorporation of the companies of the Cepex Group which, due to the breadth of range of catalogue, must hold greater stock amounts. Despite this, during the financial year 2006 the stock of Cepex and dependent companies went from 27% of sales to 26% of sales, mitigating the increase.

b) Commercial debtors

	EU-IFRS		**PGC**	**PGC**	**Change**	
	2006	**2005**	**2005**	**2004**	**EU-IFRS 06-05**	**PGC 05-04**
Debtors for sales and services provided	136,735	80,106	80,106	71,327	71%	12%
Other accounts receivable and prepayments /Sundry debtors and Accruals and prepayments	7,075	4,201	4,202	3,957	68%	6%
Provisions for deterioration and doubtful debts /Provisions for bad	(11,695)	(8,098)	(8,098)	(6,050)	44%	34%

debts						
Total Debtors	**132,115**	**76,209**	**76,210**	**69,234**	**73%**	**10%**

The Fluidra Group distributes its clients within the following categories: hypermarkets, purchasing centres (swimming pool centres), installers, constructors, warehousers and installer/retailer.

The client portfolio of the Fluidra Group is highly atomised, with none of the clients having sales greater than 2% of the total sales.

The progress of the Key Figures associated with the heading "Commercial debtors and others" of the consolidated balance sheet is the following:

	EU-IFRS		**PGC**	**PGC**	**Change**	
	2006	**2005**	**2005**	**2004**	**EU-IFRS 06-05**	**PGC 05-04**
Debtors for sales and services provided 1	136,735	80,106	80,106	71,327	71%	12%
Sales of finished goods /Net turnover 2	521,938	405,991	405,991	374,085	29%	9%
Average period for collecting accounts receivable (*)	95.62	72.02	72.02	69.59	33%	3%

(*) (1/2) * 365 days

During the financial years 2004 and 2005 a stable average receipt of payment period was maintained at around 70 days, and in 2006 there was a significant increase due to two basic reasons: (i) the incorporation of the Cepex, Neokem and SNTE groups at the end of March 2006, meaning that as on 31 December 2006 their sales figures for 9 months were incorporated; and (ii) in respect of the greater receipt of payment periods of the groups incorporated –which comprise the WATER division-, whose type of clients was different from the clients of the POOL division.

c) Commercial creditors

The types of suppliers of the Fluidra Group include suppliers of materials and suppliers of services.

In the case of materials suppliers, they are suppliers of raw materials and components for the manufacture of all the ranges of different products of the catalogue of the Fluidra Group. In this case, each manufacturing business unit has its own purchasing centre, both on a national and international level, co-ordinating the purchasing efforts of those materials which might be common in addition to a production process. In general, however, purchasing management is decentralised due to the different technology and materials used in each production process. This means there does not exist a concentration of suppliers, as none of them implies more than 4% of the global figure for supplies.

For their part, service suppliers can be catalogued in accordance with the various roles they carry out for the Fluidra Group: transport -where there also exists no global supplier, but rather work is carried out with different suppliers-, leases, both of our distribution network as well as of the manufacturing units (see chapter IV.8), independent professional services, maintenance of machinery installations and supplies. In short, with service suppliers, the concentration is less than with materials suppliers.

The balance rotation ratios for “Commercial creditors” from the total of “Supplies” and “Other operating costs” for the financial years 2006, 2005 and 2004 can be observed in the following table:

	EU-IFRS		**PGC**	**PGC**	**Change**	
	2006	**2005**	**2005**	**2004**	**EU-IFRS 06-05**	**PGC 05-04**
Trade creditors and other accounts payable + Other current liabilities / Trade creditors $_1$	111,174	68,880	50,351	58,387	61%	(14%)
Change in Stocks and Supplies/Supplies$_2$	263,874	214,858	213,385	198,204	23%	8%
Other operating expenses/Other operating expenses + Change in trade provisions $_3$	96,273	72,143	73,006	68,370	33%	7%
Average period for paying trade creditors (*)	112,67	87,60	64,17	79,94	29%	(20%)

(*) 1/(2+3) * 365 days

Between the year 2004 and 2005 there occurred a reduction from 80 to 64 days, due basically to early payment in the purchase of certain materials from China and the reduction in payment periods of certain suppliers of goods in order to obtain discounts for early payment. The progress from 2005 to 2006 shows an increase in days from 88 to 113, due to two basic reasons: (i) the effect of not incorporating 3 months of costs corresponding to the supplies of Cepex and Neokem; and (ii) the cost structure of said groups (in which the production part carries more weight than the commercial) and the proportion of suppliers of materials, whose payment period is longer.

10.3. Information on the conditions of the loans and the financing structure of the issuer

The general policy of the Fluidra Group is that of financing the expansion of its activities mainly through unconnected banking resources, although partially using its own resources. However, certain acquisitions –such as those made in the financial year 2006, for the amount of 79,610 thousand euros- have been financed through capital increases.

The general policy of the Fluidra Group is that of providing financial resources, whether its own or those unconnected, to each one of the companies belonging to the Group, so that they might meet their current payments and self-finance their operating investments. Additionally, the type of financing (short-, mid- and long-term) is adapted to the purpose (circulating, operating investments and acquisitions of companies). As a result, the companies enjoy financial operating autonomy, although the risk and banking conditions are centralised.

The breakdown of the financial liabilities of the Fluidra Group with credit institutions as on 31 December 2006 and 2005 according to EU-IFRS and 2004 according to PGC was the following:

	EU-IFRS		**PGC**		**Change**	
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**EU-IFRS 06-05**	**PGC 05-04**
Loans from financial institutions	86,667	55,611	55,892	44,944	56%	24%
Finance lease creditors	15,150	4,212	4,621	5,628	260%	(18%)
Total non-current	**101,817**	**59,823**	**60,513**	**50,572**	**70%**	**20%**
Loans from financial institutions	41,372	23,942	23,946	16,434	73%	46%
Bank credits	57,342	31,348	31,348	33,512	83%	(6%)
Credit facilities	14,834	6,392	6,393	4,616	132%	38%
Finance lease creditors	4,026	2,773	2,845	2,818	45%	1%
Total current	**117,574**	**64,455**	**64,532**	**57,380**	**82%**	**12%**
Total financial liabilities with financial institutions	**219,391**	**124,278**	**125,045**	**107,952**	**77%**	**16%**
Limits						
Credit facilities	81,589	54,321	54,321	34,250	50%	59%

	EU-IFRS		PGC		Change	
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**EU-IFRS 06-05**	**PGC 05-04**
Loan agreements	109,751	68,533	68,533	56,594	60%	21%
Total	**191,340**	**122,854**	**122,854**	**90,844**	**56%**	**35%**

The difference between the amount drawn down under loan agreements and credit facilities (57,342 and 14,834 thousand euros) and the limit of 109,751 and 81,589 thousand euros is due to seasonal factors, as only 38% of the credit and loan limits has been used.

The previous bank credits and loans accrue average market interest, except those granted by Public Bodies, which accrue an interest rate of between 0% and 4%. There exist no significant differences between the book value of the financial liabilities and their fair value as on 31 December 2006 and 2005.

The information relating to the main loans and financial lease transactions of the Fluidra Group as on 31 December 2006 are shown below:

	Company	Outstanding amount (thousands of euros)	
		2006	**2005**
Real estate lease with a nominal value of 10,700 thousand Euros falling due on 21/01/20 with a fixed rate of interest of 3.80% until 2013, and a Euribor based variable rate plus a 0.5% spread	Pexce Inmobiliaria	10,269	N/A
Loan for a nominal amount of 10,750 thousand Euros falling due on 20/10/11 with a 6 month Euribor-based variable rate of interest plus a 0.65% spread. Applied for following the acquisition of Astral Pool Australia PTY LTD	AstralPool, S.A.U.	10,750	N/A
Mortgage for a nominal amount of 10,962 thousand Euros falling due on 31/12/12 with a Euribor-based variable rate of interest plus a 0.50% spread	Trace Logistics, S.A.U.	8,758	9,349
Loan for a nominal amount of 7,000 thousand Euros falling due on 22/05/11 with a 6 month Euribor-based variable rate of interest plus a 0.50% spread. Applied for following the acquisition of SNTE Agua Group, S.A..	Fluidra	6,300	N/A
Nominal loan of 5,990 thousand Euros	Fluidra	5.990	N/A

	Company	Outstanding amount (thousands of euros)	
		2006	**2005**
falling due on 21/11/11 with a 12 month Euribor-based variable rate of interest plus a 0.50% spread			
Loan for a nominal amount of 5,840 thousand Euros falling due on 11/11/10 with a 12 month Euribor-based variable rate of interest plus a 0.50% spread. Applied for following the acquisition of Manufacturas Gre, S.A in 2003	Fluidra	5,840	5,840
Loan for a nominal amount of 7,000 thousand Euros falling due on 21/12/09 with a 12 month Euribor-based variable rate of interest plus a 0.75% spread	Neokem Grup	5,250	N/A
Loan for a nominal amount of 4,200 thousand GBP falling due on 06/08/11 with a Libor based variable rate of interest plus a 0.85% spread	European Corner, S.A.U.	5,093	5,276
TOTAL		58,250	20,465

The balances for the most relevant debts with credit institutions in foreign currencies as on 31 December 2006 and 2005 were the following:

	Thousands of Euros	
	2006	**2005**
US Dollars.	2,161	1,384
Australian Dollars	3,518	-
Sterling Pounds	10,539	9,567
	16,218	10,951

The maturity of the debts with credit institutions was the following:

	Thousands of euros	
Maturity	**2006**	**2005**
Up to one year	117,574	64,456
2 years	31,808	20,193
3 years	25,199	16,013
4 years	17,425	10,300
5 years	9,077	6,611
More than five years	18,308	6,705
	219,391	124,278

The loans granted to the Group and guaranteed with *in rem* guarantees were the following:

		Thousands of euros	
Creditor	**Security**	**2006**	**2005**
Trace Logistics, S.A.	Mortgage guarantee	8,758	9,349
AP Inmobiliaire	Mortgage guarantee	1,380	1,617
SCI La Cerisay	Mortgage guarantee	442	-
		10,580	10,966

The remaining loans did not have significant guarantees or covenants, and those existing refer to standard bank conditions, except for a loan of Fluidra for an outstanding amount of 6,300 million euros, whose covenants are the following: Ratio apalanc financ - Net Gearing (DFN/Net Equity R) <= 1.5 and financial leverage ratio - Net Leverage (DFN/Ebitda) <= 2.5. The Company complies with these ratios.

The other covenants refer only to individual companies and/or holdings within Fluidra. These have an outstanding amount of 14,844 thousands of euros.

All the covenants are met except for one ratio in the European Corner loan. However, it is unlikely that this loan will be cancelled as the creditor company is one of Fluidra's main financial providers.

It is the policy of the Fluidra Group to manage the risk in the variation of interest rates in order to minimise it, since most of the loans refer to variable rates. For such reason, interest rate risk coverage instruments are taken out for loans for amounts greater than one million euros. The Fluidra Group uses derivative instruments with interest rates swaps of variable to fixed rates with deactivating barriers, with fixed rate values ranging between 2.68% and 3.90%, and con barriers at intervals of between 4-5% to handle exposure to fluctuations in interest rate, mainly for its bank loans, the commencement and completion dates of which for live transactions 31 December 2006 were the following:

Notional in thousands of Euros	Start Date	End Date
2,376	20/10/2004	22/10/2007
12,000	08/03/2006	08/03/2009
5,990	21/11/2006	21/11/2009
4,063	24/11/2004	24/11/2009
1,339	28/01/2005	28/01/2010
3,661	22/02/2005	22/02/2010
8,758	30/06/2005	30/06/2010
6,300	22/05/2006	22/05/2011
1,000	06/06/2006	06/06/2011
8,000	07/06/2006	07/06/2011
9,477	22/09/2006	22/09/2011
12,000	29/09/2006	29/09/2011
1,500	25/10/2006	24/10/2011
5,375	01/12/2006	20/10/2013
2,211	11/10/2006	13/10/2014
2,000	25/10/2006	24/10/2014
10,231	21/12/2004	21/10/2019
96,281		

The average cost of debt during the financial years 2005 and 2006 and the first half year of 2007 rose by 3.38%, 4.73% and 4.87%, respectively.

See comments on Net Financial Debt and its composition in chapter IV.10.1.2 of this Prospectus.

10.4. Information regarding any restriction on the use of capital resources which, directly or indirectly, might have affected or could affect significantly the transactions of the issuer

There exist no restrictions on the use of the capital resources on the level of the Fluidra Group. However, certain financial agreements impose the fulfilment of standard financial ratios ("covenants") within the general conditions of such agreements on a Holding level, as detailed in the previous section.

Furthermore, as mentioned in chapter IV.10.3 above, there exists a mortgage guarantee for three loans of the loans granted to the Group.

10.5. Information regarding the envisaged sources of funds necessary in order to meet the undertakings mentioned in 5.2.3. and 8.1.

The funds necessary to meet future investment undertakings in tangible fixed assets detailed in section 5.2.3 will come mainly from bank financing (21,600 thousand euros). The remaining investments mentioned will be self-financed with the company's own resources.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The policy of the Fluidra Group regarding intellectual property has been characterised by three basic features: (i) the protection of its most identifiable trademarks, (ii) the development of innovating products subject to being patented, and (iii) the registration of the most relevant Internet domains.

The conviction that intellectual property constitute intangible assets of significant value has led the Fluidra Group to exploiting at present under a system of ownership a significant portfolio of trademarks (390 registrations), patents (274 registrations) and domains (220 registrations), with protection in both Spain as well as on European and international levels, due to the international presence and projection the Group has currently.

The following are considered to be the most relevant trademarks of the Group: Astral Pool, Sky Pool, Aquastral, Cepex, AQ Aqualink, Edexon, CTX, CPX, Duty, V Vigilant, Cleartab, Gre, Starpool, Certikin, Servaqua, Astramatic and Blaufish.

In addition, it should be pointed out that the Fluidra Group is processing various oppositions to trademarks, basically to defend their registrations in respect of third parties, both in the EU as well as in China and India.

Among the patents and utility models of the Fluidra Group it is worth mentioning, *inter alia*, European patent nº 03380077 "rapid assembly prefabricated swimming pool with no need to attach to the ground", used in international competitions organised by FINA.

Also worth mentioning is European patent nº EP 0644314B1, regarding a system for fixing swimming pool steps, highly relevant in this sector given it does not need tools for assembly.

Finally, in relation to the Group Internet domains, the policy preferably applied has been the registration of generic domains, although in recent years the registration of various territorial domains has been strengthened.

As the most significant domains, the following stand out: fluidragrup.eu, fluidra.cat/.com/.es/.eu/.org/.net,astralpool.es/.eu/.net/.org/.com/.co.uk/,auricpool.com/

.es/.cat/.es/.net,cepex.cat/.com/.eu/.es/.net, neokem.com/.es/.cat, snte.eu/.es/.net.

In relation to the Group's intellectual property rights, it should be mentioned that, due to the structure and internal operation of the Group, in some cases -basically, depending on the holding-, the companies of the Group use trademarks and other intellectual property rights without having a licence to use them or being the holders thereof, as they are held by other companies of the Group.

Due to the change in corporate name of the Company (from Aquaria to Fluidra), which took place in the General Meeting held on 5 September 2007, and in order to protect their use in trade, the corresponding Spanish (number 2.783.481) and Community (number 6.117.865) trademark applications were filed for the denominative mark "Fluidra" in order to distinguish certain products and services of classes 1, 6, 7, 9, 11, 19, 21, 35 and 40 of the International Nomenclature.

12. INFORMATION ON TRENDS

12.1. The most recent significant trends in production, sales and inventory, and sales prices and costs from the end of the last financial year up to the date of the Registration Document

The most recent trends in respect of the first half year of 2007 are described in section 20.6 of this section and in Annex V.

12.2. Information on any known trend, incertitude, claims, undertakings or events which might reasonably have a significant impact on the prospects of the issuer, at least in the current financial year

The main factors that may have an impact on Fluidra's prospects are those set out in Chapter II ("Risk Factors") and in Section 6 of the Registration Document ("Description of the Business").

13. ENVISAGED OR CALCULATED PROFIT

The Company has chosen not to include any envisaged or calculated profit.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES, AND SENIOR EXECUTIVES

14.1. Name, professional address and post in the issuer of the following persons, indicating the main activities they carry out outside the issuer, if such activities are significant in respect of said issuer:

1. Members of the administrative, management or supervisory bodies;

Below is shown the composition of the Board of Directors of the Company as on the date of this Prospectus, as well as the condition of its members pursuant to the provisions of the Company By-Laws and the Company Board of Directors' Regulations:

Board of Directors			
Name	**Post**	**Nature of post**	**Registered office**
Mr Juan Planes Vila	Chairman	External, representing controlling shareholders (1)	Rubí (Barcelona), Manuel de Falla 1, bajos
Mr Eloy Planes Corts	Managing Director	Executive	Sabadell (Barcelona), Avenida Francesc Macià 38
Mr Bernat Garrigós Castro	Member and Deputy secretary	External, representing controlling shareholders(2)	Olot (Girona), Passeig de Barcelona, 6, oficina 15
Mr Óscar Serra Duffo	Member	External, representing controlling shareholders(3)	Sabadell (Barcelona), Filadors, 25, 8º, 5ª
Mr Bernardo Corbera Serra	Member	External, representing controlling shareholders(4)	Mataró (Barcelona), Santa Marta, 7
Bansabadell Inversió Desenvolupament, S.A. represented by Mr Carlos Ventura Santamans	Member	External, representing controlling shareholders(5)	Barcelona, Avenida Diagonal, 407 bis, planta 21
Mr Juan Ignacio Acha-Orbea Echevarría	Member	External, independent	Sabadell (Barcelona), Avenida Francesc Macià, 38
Mr Kam Son Leong	Member	External, independent	Sabadell (Barcelona), Avenida Francesc Macià, 38
Mr Richard Cathcart	Member	External, independent	Sabadell (Barcelona), Avenida Francesc Macià, 38
Mr Alberto Collado Armengol	Secretary	Non-director	Sabadell (Barcelona), Avenida Francesc Macià, 38

(1) On the recommendation of Dispur, S.L.
(2) On the recommendation of Aniol, S.L.
(3) On the recommendation of Boyser, S.L.
(4) On the recommendation of Edrem, S.L.
(5) On the recommendation of Bansabadell Inversió Desenvolupament, S.A.U.

The aappointment of the members of the Board of Directors, as well as the nature of the posts of each of them was approved by the General Shareholders' Meeting of the Company on 5 September 2007. The Company envisages maintaining the present composition of the Board of Directors after the Offer.

The Directors do not perform any activities beyond their duties in the Company and/or the Group which might be relevant to the activity of the latter, except as set forth in this section 14.1 of the information on the Issuer

2. Partnership members, if the company is a partnership (*empresa comanditaria*) limited by shares

Not applicable, as the Company is a Public Limited Liability Company (*Sociedad Anónima*).

3. Founders, if the issuer was incorporated less than five years ago

Not applicable, as the Company was incorporated more than five years ago.

4. Any senior executive relevant for establishing that the issuer possesses the appropriate qualifications and experience for running the activities of the issuer

Below is a list of those who, together with the executive members of the administrative body mentioned above, comprise the table of senior executives of the Company as on the date of the Prospectus:

Name	Post	Date of Incorporation
Mr Jaume Carol Pañach	General Operations Manager of Fluidra	16/09/1991
Mr Antonio Rubió Balagué	Corporate and Financial General Manager of Fluidra	16/07/2007
Mr Pere Ballart Fernández	General Manager of AstralPool Internacional	17/05/1984
Mr Amadeo Serra Solana	General Manager of AstralPool in Europe	02/08/2001
Mr Carlos Franquesa Castrillo	General Manager of Auric Pool	12/03/2007
Mr Javier del Campo San Esteban	General Manager of Swimco and European Corner	11/11/2003
Mr Ignacio Elburgo Aranberri	General Manager of Cepex Holding	24/03/2004
Mr Luís Cortés Alvarez	General Manager of Neokem Group and SNTE Agua Group	22/01/1977

The list of people included in the table above as senior executives of the Company has been drawn up from the definition of senior executive contained in the Unified Code of Good Management, which was approved by the Board of the CNMV on 22 May 2006 (the "**Unified Code**").

Nature of any family relationships between any of these people

There exists no family relationship whatsoever between the people mentioned in this section 14.1., except for the following:

(vi) Mr Juan Planes Vila is the father of Mr Eloy Planes Corts; and

(vii) Mr Óscar Serra Duffo and Mr Bernardo Corbera Serra are first cousins.

Data on the relevant training and experience of the people mentioned in letters a), b) and d) of this section 14.1.

Below there is a brief description of the professional and academic profile of the table of people mentioned in letters a), b) and d) of this section 14.1.

Name and Surname	Experience and Training
Mr Juan Planes Vila	Chairman and founder of the Company, born in 1941 in Estamariu (Seu d'Urgell). Completed Industrial Engineering studies, began professional career as head of production and quality control at Paris Morató, company in the automotive sector. In 1969 he founded, together with three other shareholders, Astral S.A. de Construcciones Metálicas, company devoted to the manufacture of metal accessories for the swimming pool. The continuous progress and internationalisation of the company made Mr Juan Planes decide to promote and lead the creation of the Fluidra Group, and he was the Company Managing Director until October 2006. Mr Juan Planes has an active presence within Catalan business. Since 1998 he has been a member of the Plenary Committee of the Chamber of Commerce, Industry and Navigation of Barcelona and Chairman of the Environmental Committee of such entity. He also collaborates with the Chamber of Commerce of Barcelona and the General Board of Chambers of Catalonia in aspects of Internationalisation. In the year 2006, the Regional Government of Catalonia awarded him the Prize for Internationalisation in the category of individuals. Mr. Juan Planes Vila is the Chairman of the Board of Directors of Dispur, S.L.
Mr Eloy Planes Corts	Born in Barcelona en 1969. Graduated in industrial engineering from the Universidad Politécnica de Catalunya and completed a Masters in Company Administration with EADA. In 1989 he started his collaboration with the Group. In 1994 he joined AstralPool as Head of R&D. In 1998, he was appointed Director of Logistics. In the year 2000 he was appointed General Manager of AstralPool

Name and Surname	Experience and Training
	España and subsequently General Manager of the holding AstralPool. In the year 2002 he led, as General Manager, the creation of the Fluidra Group, of which he is at present Managing Director. Mr. Eloy Planes Corts is a member of the Board of Directors of Dispur, S.L.
Mr Bernat Garrigós Castro	Born in Barcelona in 1967. In 1991 he graduated in Biology from the Universidad de Barcelona. Subsequently, in 1994, he studied a Masters in Environmental Management at Duke University. He is currently studying a Programme on Management Development at the IESE Business School. Since 2004 he has been Managing Director of Aniol, S.L. He is also Director of the environmental consultancy firm Adianthus and of the cartographic consultancy firm Terragraf, both belonging to the company Aniol, S.L. His professional career within the Fluidra Group has taken place with various companies: between 1995 and 1998 he was product manager at ADBE Cartera and subsequently, until 2002, he occupied the post of head of production at Servaqua, S.A. Mr. Bernat Garrigós Castro is a member of the Board of Directors of Aniol, S.L.
Mr Óscar Serra Duffo	Born in Barcelona in 1962. In 1981 he graduated in Business Administration from the Escuela Management School. He started his career in the marketing department of several family owned companies, including Casera and Schweppes. In 1989 he joined the sales department of Plasteral and headed the Spas Division. He has spent all of his career in marketing and communication related positions. Having left the Fluidra Group, he now runs several real estate companies and a number of communication and family-owned businesses. Mr. Óscar Serra Duffo is the Chairman of the Board of Directors of Boyser, S.L.
Mr Bernardo Corbera Serra	Born in Barcelona in 1965. Graduated in Business Studies from E.S.E.I. and P.A.MrE. from IESE. Started his career in Astral Export, S.A. as Export Manager in 1989, handling the expansion in the Middle East and Africa. In 1993 he occupied the post of General Manager at Astral Products, Inc., his main

Name and Surname	Experience and Training
	task being the implementation of the company in the North American market. In 1997 he took up the management of Polytank, Inc., and subsequently, in 1999, again joined Astral Grup, S.A. as Director for North America and member of the executive committee. At present, he does not provide any services to the Fluidra Group, and centres his professional activity on the management of various property and family businesses. Mr. Bernardo Corbera Serra is the Managing Director of the Board of Directors of Edrem, S.L.
Mr Carlos Ventura Santamans	Born in Sabadell (Barcelona) in 1969. He graduated and earned a Masters in Business Management from ESADE. In 2001 he joined Banco Sabadell as Corporate Development Director of the BS Capital Unit. Since then, he has held various executive positions within the Banco Sabadell Group, including Head of Corporate Banking and Structured Financing Director. Currently, he is the Director of BS Capital, a Bank Business Unit which manages the group's interests in other companies (venture capital and real estate businesses). Mr. Carlos Ventura Santamans is a member of the Board of Directors of Bansabadell Inversió Desenvolupament S.A.U.
Mr Juan Ignacio Acha-Orbea Echevarría	Born in San Sebastián on 1 July 1956. He graduated in Economic Sciences from the Universidad Complutense of Madrid and earned a Masters in Business Administration from IESE Business School. From 1982 until 1986 he managed the company Chemical Bank, in Madrid and in New York. From 1986 until 1989, he carried out the post of Director of Variable Income and Investment Funds for the entity Bankinter. From 1989 until 2003 he was General Manager and Chairman of BBVA Bolsa, S.V. From 2003 until 2006 he formed part, as independent director, of the Board of Directors of the listed company TPI Páginas Amarillas. Furthermore, in the year 2003, he was appointed Chairman of the company Equity Contraste Uno, post which he continues to exercise at present.
Mr Kam Son Leong	Born in Selangor (Malaysia), on 27 January 1955. Graduated in mechanical engineering from the University of Iowa in the United States. In the year 2000 he was appointed Chairman of the area of Asia and the Pacific of the company York International Corp. (Hong Kong). He performed said post until 2004, handling the strategies of financing, development and execution. Since 2005, he has been member in charge of mergers and acquisitions of the company JW Childs, Asia (Hong Kong). In the same year, he was

Name and Surname	Experience and Training
	appointed partner and member of the Board of Directors of Pro Logic, posts he continues to hold at present. In the year 2006, he entered the Board of Directors of the American company Rhei Pharmaceutical Inc. and its executive committee. Furthermore, in 2006 he was appointed member of the Board of Directors of the company Huajin, located in Beijing, China and of the company Vast Lava, in the British Virgin Islands. In the latter, he also became partner the same year. During 2007, he has joined the Board of Directors of Rhei China (Beijing, China) and has joined as partner and member the Board of Directors of HL Partners (British Virgin Islands).
Mr Richard Cathcart	Born in Washington (USA) on 28 September 1944. He became an engineer with the United States air force. In 1996 he was appointed manager head of Pentair Water Businesses (Minneapolis, USA), within the company Pentair. From 2005 until the current year, 2007, he held the post of deputy chairman of the Board of Directors of Pentair (Minneapolis, USA),where he handled international operations and business development. Mr. Richard Cathcart has been appointed member of the Board of Directors of Watts Water Technology Co and he is expected to accept this appointment in the following weeks.
Mr Jaume Carol Pañach	Born in Barcelona in 1963. He is a Technical Industrial Engineer, graduating from the Universidad Politécnica de Cataluña. He started his professional career as head of production of various manufacturing companies of motorcycle components. In 1991 he joined the technical department of Astral Construcciones Metálicas, and in 1992 he was appointed Director of Production. In 1995 he was appointed manager of what is now Metalast. He is General Operating Manager of Fluidra and has been General Manager of the holding Auric Pool, devoted to the manufacture of equipment for swimming pools.
Antonio Rubio Balagué	Born in Camarasa (Lérida) in 1961. He graduated in chemical engineering from the Instituto Químico de Sarriá and obtained an MBA from the University of California in Los Angeles. His professional experience commenced in the consultancy sector, forming part of the Boston Consulting Group during the period 1989-93. he then joined the "la Caixa" group where he held several positions during the period 1993-98, including Organisational Head of Banco Herrero, being the head of the integration of this entity into the Group after its acquisition. Prior to his incorporation into the company he was Head of Strategic

Name and Surname	Experience and Training
	Corporate Planning at Laboratorios Almirall from 1998, being a member of its Management Committee from 2001. Since 16 July 2007 he has been Corporate and Financial Director of Fluidra.
Mr Pere Ballart Hernández	Born in Reus (Tarragona) in 1957. He obtained a diploma in business studies from the business school ESADE. After studying, he started work at Rubí Town Hall as reorganiser of the Tax Department, where he stayed for one year. Subsequently he started a career as Financial Director in the paper manufacturing companies J. Vilaseca, S.A. (Capellades) and Copavisa S.A (Barcelona) and in the year 1984 he started in the Astral Group. He was the first General Administrative Director of the first Astral business and in the year 1988 founded the company Astral Export, where he was General Manager for eleven years. In 2000 he was appointed International Director of the Group. Since 2003 he has been General Corporate Manager of the holding AstralPool and International Director.
Mr Amadeo Serra Solana	Born in Barcelona in 1959. He obtained a diploma in business studies from the Universidad de Barcelona and a Masters in Business Management from the Commercial Business School. He started his professional career at the multinational DiverseyLever (Unilever Group) in the year 1985, in the sales area, first as sales team trainer and subsequently as regional head of sales. In the year 1988 he was appointed national sales director, post he held until the year 1997, when he took up the position of Director of business development, assuming responsibility for the different strategic business areas of DiverseyLever. In the year 2001 he joined the Group as Sales director of AstralPool España. Subsequently, he assumed the role of General Manager for Southern Europe. Since the end of 2005 he has been European General Manager of AstralPool, responsible for the following countries: Spain, France, Italy, Portugal, Greece, Switzerland, Germany, Austria, United Kingdom, Czech Republic, Poland and Hungary. In parallel to this post, since January 2007 he has been Director of Fluidra France, exercising the coordination of all the companies of the Group in French territory.
Mr Javier del Campo San Esteban	Born in Bilbao in 1962. He graduated in economics and business studies from the Universidad del País Vasco and holds a Masters in Business Administration from the Instituto de Empresa de Madrid. He started his career with Fluidra en 1988, in the company Manufacturas Gre, as Sales Director, post he held until 1992, when he became General Manager of the company. Since 2005 he has been General Manager of the holding Swimco, which includes the companies Manufacturas Gre and Meip Internacional,

Name and Surname	Experience and Training
	specialised in the distribution of swimming pools in kit-form to hypermarkets and related products such as accessories, cleaning products, chemical products for water maintenance, etc. In addition to the General Management of Swimco, in 2006 he received the additional responsibility of running the holding European Corner, which includes the companies Certikin Internacional, Certikin Pool Ibérica, Certikn France, Hydroswim and Industrias Mecánicas Lago, devoted to the manufacture and distribution of material for swimming pools.
Mr Ignacio Elburgo Aranberri	Born in Eibar (Guipúzcoa) in 1965. He is an industrial engineer and studied a masters in business administration (MBA) at New York University. His professional experience started in the automotive sector, first in the company Fagor Ederlan and then in the company of the Ficosa International Group, Fico ITM, where he was managing director from 1997 to 2000. Subsequently he was Director of Operations in Majorica (2000-2001) and of the company DBK Group (2001-2004). His career with the Fluidra Group started in 2004 when he became General Manager of Cepex.
Mr Luis Cortés Álvarez	Born in Barcelona in 1951. He started his Technical Industrial Engineering studies at the Escuela Técnica de Terrassa. In the year 1969 he joined the Astral Group professionally to perform different roles at the head of various commercial and production companies. In the year 2002 he took on the management of the Holding Neokem, specialised in the manufacture and marketing of solid chlorinated product derivatives and complementary products for the disinfection of swimming pool water. Since 2006 he has also been head of the general management of the SNTE Group, which gathers together companies of activities related to the treatment of water, both domestic and industrial. He has held various posts in different associations within the sector and since 2006 has been Chairman of the Association of Manufacturers of Equipment, Chemical Products and Constructors of Swimming Pools, as well as Chairman of the Swimming Pool Trade Fair Barcelona.
Mr Carlos Franquesa Castrillo	Born in Barcelona in 1963. He graduated in Business Administration and Management from ESADE. He has held several management positions in Cirsa Group companies and headed the group's industrial division until 2007, when it was acquired by Fluidra.
Mr Alberto Collado Armengol	Born in Barcelona, on 23 September 1964. He graduated in Law from the Universidad de Barcelona, 1987. He studied a Masters in tax advice and company secretariats CEU, 1987. In 1997, he was appointed Partner of the law firm Garrigues, specialised in

Name and Surname	Experience and Training
	international tax and advising on processes of company internationalisation. He is Chairman of the international committee of Garrigues. He was appointed Deputy chairman of the Association Española de Directivos (AED) as well as Chairman of the Management Board in Catalonia of the AEMr Furthermore, he is board member of the Centro de Estudios Internacionales de Barcelona.

In relation to any of the people mentioned in the letters a), b) and d) of this section 14.1., provide the names of all the companies and associations of which they have been, at any moment of the previous five year, members of the administrative, management or supervisory bodies, or partners, indicating whether the person continues to be a member of the administrative, management or supervisory bodies, or is a partner

Below are details of the companies of which those mentioned in letters a) and d) of this section 14.1. have been members of the administrative, management or supervisory bodies, or direct partners, at any moment in the last five years, except for (i) those companies of a merely asset or family nature; (ii) shareholding packages of listed companies not classified as a significant participation; and (iii) any others which have no relevance at all for the effects of the activity of the Company.

Name	Company	Position / Shareholder
Mr Eloy Planes Corts	Astral Nigeria, Ltd.	Director
	Inmobiliaria Tralsa, S.A.	Joint Director
	Dispur, S.L.	Managing Director and partner
	Constralsa, S.A.	Formerly joint director
	Estam-Haritz	Representative of Dispur, S.L.
Mr Juan Planes Vila	PF Inmobiliere	Shareholder, director and manager
	Aqualink, S.L.	Shareholder
	Interpool Ibérica, S.L.	Formerly sole director and general manager
	Dispur, S.L.	Chairman, director and partner
	Teixido de l'Alt Urgell, S.L.	Chairman and director
	Stick Stock 98, S.L.	Formerly director
	World Wide Water, S.L.	Formerly joint and several director

Name	Company	Position / Shareholder
	Prohogar, S.L.	Formerly director
	Interpool, S.A.S.	Director
	Stick Immobilier, S.C.I.	Sole director
	S.C.I. L' Etolile	Manager
	Constralsa, S.R.L.	President
	Inmobiliaria Tralsa, S.A.	Formerly managing director
	Granja Estamariu, S.C.C.L.	Chairman of the management board
	Estam-Haritz	Former Sole Director
	Planet Screem Networks, S.L.	Former board member
Mr Bernat Garrigós Castro	Constralsa, S.R.L.	Representative of Aniol, S.L.
Mr Óscar Serra Duffo	World Wide Water, S.L.	Joint and several director
	Constralsa, S.L.	Representative of Boyser, S.L.
	Boyser, S.R.L.	Managing Director and partner
	Planet Screem Networks, S.L.	Chairman of the board
Mr Bernardo Corbera Serra	Beran Cartera, S.L.U.	Sole director
	Edrem, S.L.	Managing Director
	Constralsa, S.L.	Representative of Edrem, S.L.
	Inmobiliaria Tralsa, S.L.	Joint Director
	G&C Real State Developers., S.L.	Director
	Milcoren, S.L.	Sole director
	Nat Kapital, S.L.	Sole director
	Vianel, S.L.	Joint and several director
	Brasov Cartera, S.L.	Joint Director
	Meliton	Director
	Land Premises, S.L.	Director

Name	Company	Position / Shareholder
Mr Juan Ignacio Acha-Orbea Echevarría	BBVA Bolsa, S.V.	Formerly Chairman and General Manager
	Equity Contraste Uno	Formerly Chairman
	TPI Páginas Amarillas	Formerly director
Mr Kam Son Leong	York International Corp.	Formerly Chairman
	JW Childs, Asia	Formerly operations member
	Rhei Pharmaceutical	Director and member of the executive committee
	Rhei China	Director
	Huajin	Director
	Vast Lava	Shareholder and director
	HL Partners	Shareholder and director
	Pro Logic	Shareholder and director
Mr Richard Cathcart	Pentair Water Businesses	Formerly manager
	Pentair	Formerly vice-chairman of the board of directors
Mr Alberto Collado Armengol	Centro de Estudios Internacionales de Barcelona	Director
Mr Jaume Carol Pañach	Iberspa, S.L.	Former general manager
	Interpool Ibérica, S.L.	Representative of Interpool, S.A.S.
Mr Pere Ballart Hernández	Astral Nigeria, Ltd.	Sole director
Mr Carlos Ventura Santamans	Bansabadell Inversió Desenvolupament, S.A.U.	Director
	Explotaciones Energéticas Sínia XXI, S.L.	Joint and several director
	Hobalear, S.A.	Joint and several director
	Compañía de Cogeneración del Caribe, S.L.	Director
	Aurica XXI, SCR, SA	Director

Name	Company	Position / Shareholder
	Tranvia Metropolità del Besós, S.A.	Individual representative of Bansabadell Inversió Desenvolupament, S.A.U.
	Tamvia Metropolità, S.A.	Individual representative of Bansabadell Inversió Desenvolupament, S.A.U.
	Operadora del Tranvía Metropolità, S.A.	Individual representative of Bansabadell Inversió Desenvolupament, S.A.U.
	Explotación Eólica La Pedrera, S.L.	Individual representative of Explotaciones Energéticas Sínia XXI, S.L.
	Biodiesel Aragón, S.L.	Individual representative of Explotaciones Energéticas Sínia XXI, S.L.
	General de Biocarburantes, S.A.	Individual representative of Explotaciones Energéticas Sínia XXI, S.L.
	Cabaro, 21 Desarrollo de Energías Eólicas, S.A. Promociones Argañosa, S.L.	Individual representative of Hobalear, S.A. Representative of Explotaciones Energéticas Sínia XXI, S.L. Representative of Hobalear, S.A. Representative of Explotaciones Energéticas Sínia XXI, S.L. Board Member

Name	Company	Position / Shareholder
	EMTE, S.A.	Representative of Hobalear, S.A.
	FS Colaboración y Asistencia, S.A.	Bansabadell Inversió Desenvolupament, S.A.U.
	Intermas Nets, S.A.	Representative of Aurica XXI, SCR, S.A.
	SBD Creixent	Member of the Board
	Solduga, S.A.	Representative of Hobalear, S.A.

In relation to any of the people mentioned in the letters a) and d) of this section 14.1. and in respect of the last five years prior to the date of this Prospectus, the Company hereby states that:

Pursuant to the information provided by the members of the administrative, management and supervisory bodies, as well as by the senior executives of the Company, said people have not been convicted of fraud, and nor have they been involved in creditors' meetings, bankruptcy, suspension of payments or liquidation; they have not been the object of any official public incrimination and/or sanctions on the part of the state or regulatory authorities (including the appointed professional bodies), nor have they been discredited by any court for any action as a member of the administrative, management or supervisory bodies of an issuer or for actions in the management of the matters of an issuer.

14.2. <u>Conflicts of interest of the administrative, management and supervisory bodies, and senior executives</u>

According to the information held by the Company, and save for the provisions contained in sections 14.2.1. and 14.2.2., none of the people referred to in section 14.1 above has any conflict of interest between their duties with the Company and their private interests of any other type, and nor do they carry out activities which are similar, analogous or complementary to those which comprise the corporate object of the Company.

The following sections 14.2.1 and 14.2.2 contain information on certain companies controlled by Dispur, S.L., Aniol, S.L., Boyer, S.L. and Edrem, S.L. that carry out activities which are analogous or complementary to those that constitute the corporate purpose of Fluidra.

The following table includes the partners –and their share – of the majority shareholders of the Company Dispur, S.L., Aniol, S.L., Edrem, S.L. and Boyser, S.L.:

Majority shareholder	Shareholders	Share in the majority shareholder
Dispur, S.L.	D. Juan Planes Vila	72.445%
	D.ª Teresa Corts Ferris	8.660%
	D. David Planes Corts	4.724%
	D. Eloy Planes Corts	4.724%
	D.ª Eulàlia Planes Corts	4.724%
	D. Juan Planes Corts	4.724 %
Aniol, S.L.	D. Robert Garrigós i Ruiz	94.2058%
	D.ª Mª Mercè Castro i Orts	3.7131%
	D. Bernat Garrigós i Castro	0.6937%
	D. Cecilia Garrigós i Castro	0.6937%
	Francesc de A. Garrigós i Castro	0.6937%
Edrem, S.L.	Bernat Corbera Bros	54.05%
	Berta Serra Aragonés	4.19%
	Yolanda Corbera Serra	13.92%
	Sergio Corbera Serra	13.92%
	Bernardo Corbera Serra	7.95%
	Beran Cartera, S.L.U.	5.97%
Boyser, S.L.	Juan Serra Aragonés	78.57%
	Alejandro Serra Duffo	5.36%
	Óscar Serra Duffo	5.36%

Majority shareholder	Shareholders	Share in the majority shareholder
	D. Iván Serra de Lara	5.36%
	D. Christian Serra de Lara	5.36%

There exist and have existed transactions between connected parties (see section 19), but under no circumstances have these given rise to any conflict of interest. Fluidra will pay special attention to maintaining at all times the precaution required by the principles of good corporate in cases of conflicts of interest, whether real or potential, and will ensure compliance with the articles 127, 127.2, 127.3, 127.4 and 132 of the Spanish Public Limited Liability Companies Act.

The Regulations of the Board of Directors set forth an obligation not to compete, by virtue of which the board members may not fill in a position of Director or Manager in companies that compete with the Company -with the exception of the positions that they may fill, where applicable, in companies of the Group-, except with the express authorisation of the AGM and without prejudice to the provisions of article 127 *ter* and 132 of the Public Limited Liability Companies Act.

As pointed out in section 14.1.a) above, Mr. Richard Cathcart was the general manager and vice-president of the Board of Directors of Pentair Water Businesses and Pentair (parent company), respectively –which develop an activity similar to that of Fluidra, until 1 September 2007.

When he was appointed a board member of Fluidra as a result of the resolution taken in the AGM held on 5 September 2007, Richard Cathcart had committed himself to be also a member of the Board of Directors of Watts Water Technology Co., a company whose business may potentially be in competition of Fluidra's business, although Watts Water Technology Co. is a company focused on the production of components for water heating, heavy industry, fire prevention equipments, gas piping, distribution of municipal waters and water purification, whereas Fluidra sells to the general residential, commercial and light industry sectors, so the common products are very few and not really relevant with regard to Watts Water Technology Co.

Richard Cathcart is expected to accept his appointment as a member of the Board of Directors of Watts Water Technology Co in the following weeks.

In spite of the above, and in accordance with article 37 of the Articles of Association of the Company, the AGM agreed to his appointment after considering the important contribution that the new board member may have in the strategic planning of the Company and the absence of a negative economic impact as a consequence of Richard J. Cathcart being a member of the Board of Directors of Watts Water Technology Co.

Furthermore, in the Board of Directors' Regulations of Fluidra, reference is made to the mechanisms for detecting and regulating any possible conflicts of interest by establishing in its article 29 that the directors should inform the Board of Directors of the existence of conflicts of interest and refrain from attending and participating in any discussions which might affect matters in which they are personally involved.

Said article 29 also establishes that the directors may not directly or indirectly carry out any professional or commercial transactions with the Company without informing beforehand of the situation of a conflict of interest and the Board approving such transaction.

Furthermore, article 30 of said Board Regulations establishes that the directors may not make use of the assets of the Company nor take advantage of their position in the Company to obtain a capital advantage unless suitable consideration has been paid.

Furthermore, in accordance with the provisions of Article 32 of the Board Regulations, no director may use for their own benefit, or for that of a person connected to them in the terms established in article 29 above, any business opportunity of the Company, unless it is offered beforehand to the latter and the latter refrains from exploiting it.

Article 34 of the Board Regulations establishes the obligation of the director to inform of the facts, circumstances or situations which might be relevant to their actions as director.

The Internal Code of Conduct of the Company, which are applicable, among others, to the administrators and executives of the Group, also regulate the code of conduct in relation to securities and financial instruments and the information regarding conflicts of interest, in particular, in article 10 of the same.

14.2.1 Iberspa, S.L.

The shareholders in the trading company Iberspa, S.L. are Aniol, S.L. (21.656%), Edrem, S.L. (22.754%), Dispur, S.L. (21.656%), Boyser, S.L. (22.754%) - the majority shareholders - and Irratsall, S.L. (11.18%) - the Company's former shareholder. There are no agreements between them concerning the control of the company.

Aniol, S.L. is the sole administrator of Iberspa, S.L.

The corporate purpose of Iberspa, S.L. is laid down in article 2 of its Articles of Association and comprises the following activities:

(i) The manufacture and commercialisation of hydromassage bathtubs known internationally by the name of "spa", as well as the preparation and sale of elements, parts, accessories and complements in polyester for all kinds of bathroom containers for sports, recreational or therapeutic purposes.

(ii) Domestic and international trading activities involving all kinds of goods and products directly or indirectly related to the above sections, as well as the sale and distribution thereof.

(iii) Representation of national and foreign industrial and commercial enterprises and firms.

The activities laid down in the corporate purpose may be carried out by the company fully or partially, directly or indirectly, through the ownership of shares or participations in companies with the same or a similar purpose.

All activities for whose exercise the applicable legal provisions demand special requirements that cannot be met by the company are expressly excluded.

Notwithstanding the extent of the aforementioned corporate purpose, the main activity of Iberspa, S.L. is the manufacture and commercialisation of spas, as well as the preparation and sale of elements, parts, accessories and complements related thereto.

Fluidra considers that there is no conflict between its interests and those of Iberspa, S.L., given that the activities of Iberspa, S.L. are not quantitatively significant.

14.2.2 Interpool, SAS and Interpool Ibérica, S.L.

The shareholders in the French company Interpool, SAS include Aniol, S.L. (17.49%), Edrem, S.L. (23.27%), Dispur, S.L. (23.27%) and Boyser, S.L. (23.27%). There are no agreements between them concerning the control of the company or its subsidiary Interpool Ibérica, S.L.

The sole administrator is Juan Fort Viader.

The corporate purpose of Interpool, SAS is laid down in article 4 of its Articles of Association and comprises the following activities:

(i) The manufacture of swimming pools.
(ii) The sale of materials, accessories and chemical products for swimming pools and PVC adjustments.

The main activity of Interpool, SAS is the manufacture and commercialisation of “liners” for swimming pools and bar covers for swimming pools.

Fluidra considers that there is no conflict between its interests and those of Interpool, SAS, given that the activities of Interpool, SAS are not quantitatively significant.

In addition, Interpool Ibérica, S.L. is fully owned by Interpool, SAS, which is also its sole administrator, and its main activity is the same as that of Interpool, SAS. As above, Fluidra considers that there is no conflict between its interests and those of Interpool, S.L., given that the activities of Interpool Ibérica, S.L. are not quantitatively significant.

Any agreement or understanding with significant shareholders, clients, suppliers or others, by virtue of which any person mentioned in 14.1 might have been appointed member of the administrative, management or supervisory bodies, or senior executive

By virtue of the shareholders' agreement described in section 22.4 of the Information on the Issuer contained in this Prospectus, the following people have been appointed members of the Board of Directors, of the Delegate Committee, of the Auditing Board and/or the

Appointments and Retribution Committee:

Appointments by virtue of shareholders' agreements	
Name	**Post/s**
Mr Juan Planes Vila	Chairman and Member of the Board of Directors
	Member of the Auditing Board
Mr Bernat Garrigós Castro	Member and Deputy secretary of the Board of Directors
	Secretary non-member of the Delegate Committee
	Member of the Appointments and Remuneration Committee
Mr Óscar Serra Duffo	Member of the Board of Directors
	Member of the Delegate Committee
Mr Bernardo Corbera Serra	Member of the Board of Directors
	Member of the Delegate Committee
Bansabadell Inversió Desenvolupament, S.A.	Member of the Board of Directors
	Member of the Delegate Committee
	Member of the Auditing Board
Mr Eloy Planes Corts	Member of the Board of Directors and Managing Director
	Member of the Delegate Committee

Details of any restriction agreed by those mentioned in 14.1 on the disposing during a certain period of time of their participation in the securities of the issuer

Except for the shareholders' agreement referred to in section 22 of the Information on the Issuer of this Prospectus, which regulates the restrictions on the transfer of the shares of the Company and for the provisions in relation to the lock-up undertaking -contained in the said shareholders' agreement- referred to in section 7.3. of the Note on the Shares of this Prospectus, there exists no restriction whatsoever on the disposing during a certain period of time of their participation in the securities of the issuer.

15. REMUNERATION AND PROFIT

15.1. Amount of the remuneration paid (including contingent or delayed fees) and contributions in kind granted to these people by the issuer and its subsidiaries for services of any type provided by any person to the issuer and its subsidiaries

15.1.1. Remuneration paid to the members of the Board of Directors of the Company

In accordance with the provisions of the Company By-Laws approved by the General Shareholders' Meeting on 5 September 2007, the remuneration of the directors comprises the following concepts: fixed monthly allowance and profit-sharing. The remuneration, global and annual, for the entire Board of Directors and said concepts, will be five per cent (5%) of the profit of the consolidated Group, approved by the General Meeting, although the Board of Directors may reduce this percentage in the financial years it deems appropriate.

The members of the Board of Directors will furthermore receive expense allowances for attending each meeting of the administrative bodies of the Company and their committees. The amount for such expense allowances will not exceed the amount determined as the fixed monthly allowance. The Board of Directors, within this limit, will establish the amount for subsistence allowances.

The Board Regulations, for their part, specify the remuneration criteria of the directors of the Company.

Below is a table showing the amount of the remuneration received by the directors of the Company, which were so from time to time, during the financial years 2006, 2005 and 2004 for the sole reason of belonging to the administrative body of the same (attendance allowances were not previously paid):

Item	First half 2007	2006 Period	2005 Period	2004 Period
Salaries	284.5 thousand euros	452.3 thousand euros	323 thousand euros	-
Allowances	-	-	-	-
Other remuneration	403 thousand euros	464 thousand euros	321 thousand euros	311 thousand euros

The current directors of the Company are not members of the administrative bodies of the other companies of the Group and, therefore, do not receive any remuneration for this concept.

By virtue of the resolutions of the AGM in a meeting held on 5 September 2007, the composition of the Board of Directors was modified. The remuneration of the administrative body appointed last 5 September 2007 for this year, 2007, has yet to be agreed.

Additionally, the General Shareholders' Meeting, at its session on 5 September 2007, approved the preparing of a participation plan in the share capital of the Company addressed to members of the executive team (which is made up of the top managers indicated in section 14), including executive directors (the "**Plan**"), although it is envisaged that the Plan might be extended to possible new beneficiaries by the Board of Directors at the proposal of the Appointments and Remuneration Committee formulated within a period of twenty-four (24) months from its coming into force.

The Plan shall commence by agreement of the Board of Directors on 1 January 2008, and shall take place through the granting by the Board of Directors to the beneficiaries of a certain number of units ("**RSUs**"), which, where applicable, will become shares of the Company after the elapsing of a period of four (4) years or "value creation period". The Board of Directors shall agree on the granting of the RSUs before 1 January 2008.

The RSUs (i) are gratuitous and non-transferable; (ii) grant the holder the possibility of receiving one share in the Company for each RSU granted, bearing in mind the increase in value of the shares of the Company during the period of the duration of the Plan in respect of that which they had at the time of the Offer; (iii) do not confer on their holders the condition of shareholder of the Company until they become Company shares; (iv) do not confer on the beneficiary the right to receive further RSUs in the future, as it is an isolated concession, which neither consolidates nor assures future concessions.

Should the Company during the "value creation period" (i) merge with another entity, either through takeover or under any other format, with the result of a change in control, or (ii) should control of the Company be assumed by another entity, the RSUs will be converted into shares automatically, following certain criteria, providing the Board of Directors thus decides.

The Plan is accompanied by the habilitating granted by the General Meeting to the Board of Directors for the derivative acquisition of the shares of the Company necessary in order to comply with said Plan.

15.1.2. Remuneration paid to the senior executives of the Company

The remuneration of the senior executives of the Company paid during the financial years 2006, 2005 and 2004 for wages and salaries, including the members of the Board of Directors carrying out executive duties, came to 1,259.6, 881.6 and 738.8 thousand euros, respectively, such senior executives not having received any other amount for any other item, except for the remuneration received by those who are in turn members of the Board of Directors due to their belonging to such body, as indicated previously.

The following table shows the remuneration of the senior executives of the Company during the financial years 2006, 2005 and 2004 for carrying out their duties in the Company[3]:

Concept	Year 2007 (first half)	Financial year 2006	Financial year 2005	Financial year 2004
Fixed remuneration	346.7 thousand euros	921.1 thousand euros	629.5 thousand euros	476.2 thousand euros
Variable remuneration	85.5 thousand euros	338.5 thousand euros	252.1 thousand euros	262.6 thousand euros
Others		-	-	-
Total	**432.2 thousand euros**	**1,259.6 thousand euros**	**881.6 thousand euros**	**738.8 thousand euros**

It is anticipated that a review of the remuneration of some members of senior management will be undertaken for the purposes of adjusting it to current market levels and trends.

15.2. Total amount saved or accumulated by the issuer or its subsidiaries for pension or retirement funds or similar

The Company has not assumed any obligation or undertaking whatsoever regarding pensions, retirement or similar with the members of the Board of Directors and senior executives and, therefore, there exist no amounts saved or accumulated in the Company or the Group to such end.

Nevertheless, the senior executive agreement of Eloy Planes includes an undertaking by virtue of which, in the event of the permanent total disability of Eloy Planes, the Company must pay him compensation for the amount of his gross fixed and variable salary, plus a lifelong pension for an amount equal to 75% of the fixed salary received by Eloy Planes at the time the contingency occurred.

Said undertaking may (i) either be guaranteed through an insurance policy, or

(ii) be assumed through direct payment on the part of the Company. Although at present he is not covered by any insurance policy whatsoever, it is envisage that, during the current year, said compensation will be covered by an insurance policy.

[3] Please note that these amounts are different from the ones recorded in the Company's annual accounts, as the latter include the remuneration of 3 Key positions: President, Managing Director and General Operating Manager, whereas the figures that appear in the table include the remuneration of all top managers.

16. MANAGEMENT PRACTICES

16.1. Expiry date of present mandate, where applicable, and period during which the person has performed services in this post

The Directors of the Company have held their posts for the periods shown below:

Director	Date of first appointment	Date of appointment of current mandate	Date of termination of current mandate
Mr Juan Planes Vila	5 September 2007	5 September 2007	5 September 2013
Mr Bernat Garrigós Castro	5 September 2007	5 September 2007	5 September 2013
Mr Óscar Serra Duffo	5 September 2007	5 September 2007	5 September 2013
Mr Bernardo Corbera Serra	3 October 2002	5 September 2007	27 June 2006
Bansabadell Inversió Desenvolupament, S.A.	7 January 2003	5 September 2007	5 September 2013
Mr Eloy Planes Corts	31 October 2006	5 September 2007	5 September 2013
Mr Juan Ignacio Acha-Orbea Echevarría	5 September 2007	5 September 2007	5 September 2013
Mr Kam Son Leong	5 September 2007	5 September 2007	5 September 2013
Mr Richard Cathcart	5 September 2007	5 September 2007	5 September 2013

In accordance with article 37 of the Company By-Laws, the Directors will exercise their post during the period established to such end by the General Meeting, which must be the same for all of them and which must not exceed six years, on completion of which they may be re-elected one or more times for periods of the same maximum term.

16.2. Information on the agreements of members of the administrative, management or supervisory bodies with the issuer or any of its subsidiaries which might entail profit on termination of their duties, or the corresponding negative statement

There exist no agreements with members of the administrative, management or supervisory bodies of the Company or of any of its subsidiaries which might entail profit for such people as a result of the termination of their posts or duties.

16.3. Information on the Auditing Board and remuneration committee of the issuer, including the names of the members of the committee and a summary of their Internal Code of Conduct

16.3.1. Delegate Committee

Pursuant to the provisions of article 45 of the Company By-Laws and 12 of the Board of Directors' Regulations, the Board of Directors may delegate the powers corresponding to it, except for those not subject to delegation.

16.3.1.1 Composition of the Delegate Committee

In accordance with article 12 of the Board of Directors' Regulations, the Delegate Committee must consist of five directors. The qualitative composition of the Delegate Committee must reflect, to the extent possible, the composition of the Board.

The Board of Directors agreed on 17 September 2007 the composition of the Delegate Committee, which consists of the following Directors:

Delegate Committee	
Name	**Post**
Mr Eloy Planes Corts	Chairman
Mr Óscar Serra Duffo	Member
Mr Bernardo Corbera Serra	Member
Bansabadell Inversió Desenvolupament, S.A.U.	Member
Mr Juan Ignacio Acha-Orbea Echevarría	Member
Mr Bernat Garrigós Castro	Secretary non-member

16.3.1.2 Operating rules of the Delegate Committee

The Managing Director will act as Chairman of the Delegate Committee. The Secretary of the Delegate Committee will be appointed by the Board of Directors and may or may not be a Director. Should they be a Director, they may or may not be a member of the Delegate Committee. As a result, in the latter case they will not be entitled to a vote.

The Delegate Committee will meet whenever thus called by its Chairman, holding meetings at least once per calendar month.

The Delegate Committee will be validly constituted when half plus one of its members attend the meeting, either in person or represented.

Resolutions will be adopted by the majority of the members attending (in person or represented) the meeting.

Should the Delegate Committee fail to approve any of the decisions submitted to its consideration, the Chairman of this Committee may raise the those resolutions, where applicable, not approved for their consideration before the Board of Directors, providing he deems this appropriate in respect of the relevance of the matter.

The Secretary will record Minutes of each of the meetings of the Delegate Committee, and will promptly inform the Board of the matters dealt with and of the decisions taken at its meetings. Furthermore, it must provide each of the members of the Board of Directors with a copy of said Minutes.

16.3.1.3 Duties of the Delegate Committee

The duties of the Delegate Committee will be those delegated to it by the Board of Directors, within the legal and statutory limits established.

16.3.2. Auditing Board

The Board of Directors of Fluidra, in its meeting on 17 September 2007, agreed the constituting of the Auditing Board. For its part, the General Shareholders' Meeting of Fluidra held on 5 September 2007, in view of the listing of the shares of the Company to the Stock Exchange and in order to adapt the Company By-Laws to the legal demands of the listed companies including, among other aspect, the regulation of the Auditing Board in accordance with the provisions of Law 44/2002, on Reform Measures for the Finance System, approved a redrafted text of the Company By-Laws, which in their article 46 establish the obligation to create an Auditing Board with the faculties of information, supervision, advice and proposal in the area of competence set forth in said article 47, referring to the Board Regulations regarding the enacting of the same. As a result, the Company By-Laws in their article 47, as well as the Board of Directors' Regulations, in their article 13, regulate the composition, competence and operating rules of the Auditing Board.

16.3.2.1 Composition of the Auditing Board

The Company By-Laws and the Board of Directors' Regulations establish that the Auditing Board will be formed by directors appointed by the Board of Directors, in their majority not executives, notwithstanding the attendance of executive directors or senior executives, when thus expressly agreed by the members of the Committee. The members of the Auditing Board, and in particular its Chairman, will be appointed

taking into account their knowledge and experience in the areas of accounting, auditing or risk management as well as their knowledge, aptitude and experience taking into account the other duties of the Committee. The Chairman of the Auditing Board must necessarily be an independent director, chosen from among said external directors, having to be substituted every four years, and being able to be re-elected once a period of one year has elapsed from the date they leave the post. The secretary will be whoever is appointed from among its members.

At present, as has been indicated previously, the Auditing Board consists of:

Auditing Board			
Name	**Post**	**Appointment**	**Registered office**
D. Juan Ignacio Acha-Orbea Echeverría	Chairman	17 September 2007	Sabadell (Barcelona), Avenida Francesc Macià, 38
Bansabadell Inversió Desenvolupament, S.A.	Member	17 September 2007	Barcelona, Avenida Diagonal, 407 bis, planta 21
Mr Juan Planes Vila	Member	17 September 2007	Rubí (Barcelona), Manuel de Falla 1, bajos

16.3.2.2 Operating rules of the Auditing Board

The Auditing Board will normally meet each quarter, in order to review the periodical financial information to be sent to the stock exchange authorities as well as the information that the Board of Directors must approve and include in its annual public documentation. Furthermore, it will meet at the request of any of its members and each time a call is issued by its Chairman, who must do so whenever the Board or its Chairman requests the issue of a report or the adopting of proposals and, in any event, whenever appropriate for the smooth running of its duties.

The Auditing Board must give an account of its activity and be answerable for the work carried out before the first plenary session of the Board of Directors subsequent to its meetings. Furthermore, the Auditing Board must record Minutes of its meetings, of which it will send copies to all members of the Board of Directors. The Auditing Board will prepare an annual report on its operations, emphasising the main incidences which have arisen, where applicable, in relation to the duties inherent in it. Moreover, when the Auditing Board deems it appropriate, it will include in said report proposals for improving the governing regulations of the Company. The report by the Auditing Board will be attached to the annual report on the corporate management of the Company and will be available to shareholders and investors through the web page.

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

The Auditing Board may summon any of the members of the executive team or personnel of the Company and also have them appear without the presence of any other executive. These subjects will be obliged to attend the meetings of the Auditing Board and provide their collaboration and access to the information they have available. The Committee may likewise request the attendance at its meetings of the accounts auditors.

In order to ensure the greatest fulfilment of its duties, the Auditing Board may resort to the advice of external experts, when it deems necessary for the appropriate fulfilment of its duties.

The Company will have an internal auditing duty, under the supervision of the Auditing Board, ensuring the smooth running of the information and internal control systems. The head of the internal auditing duty must present to the Auditing Board their annual work plan, and furthermore must inform it directly of any incidences occurring during its activities and must submit to the Committee, at the end of each financial year, an activity report.

16.3.2.3 Duties of the Auditing Board

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

(a) Inform in the General Shareholders' Meeting of matters raised therein by the shareholders in matters of competence.

(b) Propose to the Board of Directors, for its submitting to the General Shareholders' Meeting, the appointment of the external accounts auditors referred to in article 204 of the Spanish Public Limited Liability Companies Act, as well as their contracting conditions, the scope of their professional mandate and, where applicable, their revocation or non-renewal.

(c) Supervise the internal auditing systems.

(d) Review the accounts of the Company, ensure the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles, with the direct collaboration of the external and internal auditors to do so.

(e) Supervise the policy on control and risk management involved in the achieving of the corporate objectives.

(f) Be familiar with the processes for financial information, the internal control systems of the Company, verify the suitability and integral nature of the same and review the appointing or replacing of those responsible.

(g) Take care of and supervise the relationships with the external auditors.

(h) Supervise compliance with the auditing agreement, ensuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely, and evaluate the results of each audit.

(i) Examine the fulfilment of the Internal Code of Conduct, of these Regulations and, in general, of the rules of management of the Company, and make the proposals necessary for their improvement.

(j) Receive information and, where applicable, issue reports on the disciplinary measures which they intend to impose on members of the senior executive team of the Company.

Furthermore, the following corresponds to the Auditing Board:

<u>In relation to the information and internal control systems</u>:

(a) Supervise the preparation process and integral nature of the financial information regarding the Company and, where applicable, the group, reviewing the fulfilment of the regulation requisites, the appropriate delimiting of the consolidation accounting requirements and the correct application of the accounting criteria.

(b) Review periodically the internal control and risk management systems, so that the main risks are identified, handled and recognised suitably.

(c) Ensure the independence and efficacy of the internal auditing function; propose the selection, appointment, re-election and removal of the head of the internal auditing service; propose the budget of the service; receive periodical information on its activities; and verify that the senior executive team takes into account the conclusions and recommendations of their reports.

(d) Establish and supervise a mechanism which enables the employees to communicate confidentially and, if deemed appropriate, anonymously, any irregularities of potential transcendence, especially financial and accounts information, which they might notice within the Company.

<u>In relation to the external auditor</u>:

(a) Raise before the Board the proposals of the selection, appointment, re-election and replacement of the external auditor, as well as the conditions of their contracts.

(b) Receive regularly from the external auditor information regarding the auditing plan and the results of the execution thereof, and verify that the senior executive team takes into account its recommendations.

(c) Ensure the independence of the external auditor and, to such end: (i) that the Company informs as a relevant event to the CNMV any change in auditor and accompanies this with a statement regarding the possible existence of disagreements with the outgoing auditor and, should these have existed, of their content; (ii) that it is ensured that the Company and the auditor respect prevailing norms on the provision of services other than those on auditing and, in general, all other established norms in order to ensure the independence of the auditors; and (iii) that in the event of the resignation of the external auditor, that it examine the circumstances giving rise thereto.

(d) In the case of groups, encourage the auditor of the Group to assume responsibility for the auditing of the companies comprising it.

<u>In relation to policy and risk management</u>:

(a) Identify the various different types of risk (operational, technological, financial, legal, reputation-related) which the Company faces, including the financial or economic, contingent liabilities and other risks beyond the balance sheet.

(b) Identify the establishing of the level of risk the Company considers acceptable.

(c) Identify the measures envisaged in order to mitigate the impact of the risks identified, should they materialise.

(d) Identify the information and internal control systems to be used to control and manage said risks, including contingent liabilities and other risks beyond the balance sheet.

In relation to the obligations inherent in listed companies:

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

(a) The financial information which, due to it being listed, the Company must make public periodically. The Auditing Board must ensure the interim accounts are prepared using the same accounting criteria as the annual accounts and, to such end, consider the appropriateness of a limited review of the external auditor.

(b) The creation or acquisition of participations in special purpose entities or those domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, might be detrimental to the transparency of the Group.

(c) Any connected operations, unless this duty of prior reporting has been attributed to another Committee for supervision and control.

(d) Giving notification about any operations that involve or may involve conflicts of interest.

16.3.3. Appointments and Remuneration Committee

The Board of Directors of Fluidra, at its meeting of 17 September 2007, agreed the constituting of the Appointments and Remuneration Committee. The Board of Directors' Regulations, in their article 14, regulate the composition, competence and operating rules of the Appointments and Remuneration Committee.

16.3.3.1 Composition of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee will be formed by a minimum of three external directors, in their majority independent. They will be appointed by the Board of Directors, notwithstanding the attendance of executive directors or senior executives, when thus agreed expressly by the members of the Committee. The members of the Appointments and Remuneration Committee will be appointed taking into account their knowledge, aptitudes and experience, as well as the duties of the Committee. Any director may ask the Committee to take into consideration, should this be deemed appropriate, potential candidates to cover vacancies among the directors. The Chairman of the Appointments and Remuneration Committee must necessarily be an independent director, chosen from among the external directors, having to be substituted every four years, and being able to be re-elected once a period of one year has elapsed from the date they leave the post. The secretary will be whoever is appointed from among its members.

At present, as has been indicated previously, the Appointments and Remuneration Committee consists of the following:

Appointments and Remuneration Committee			
Name	**Post**	**Appointment**	**Registered office**
Mr Richard J. Cathcart	Chairman	17 September 2007	Sabadell (Barcelona), Avenida Francesc Macià, 38
Mr Bernat Garrigós Castro	Member	17 September 2007	Olot (Gerona), Passeig de Barcelona, 6, oficina 15
Mr Kam Son Leong	Member	17 September 2007	Sabadell (Barcelona), Avenida Francesc Macià, 38

16.3.3.2 Operating rules of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee will normally meet each quarter. Furthermore, it will meet each time a call is issued by its Chairman, who must do so whenever the Board or its Chairman requests the issue of a report or the adopting of proposals and, in any event, whenever appropriate for the smooth running of its duties.

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

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

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

In order to best fulfil its duties, the Appointments and Remuneration Committee may resort to the advice of external experts, when it deems this necessary for the appropriate fulfilment of its duties.

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

(a) Formulate and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.

(b) Evaluate the competence, knowledge and experience necessary on the Board, define, as a result, the duties and aptitudes necessary in the candidates to cover each vacancy, and evaluate the time and dedication needed in order for them to carry out their duties properly.

(c) Inform, and raise before, the Board of Directors of the appointments and removals of senior executives and managers that the chief executive proposes, in order for the Board to appoint them.

(d) Inform the Board on matters of gender diversification and qualifications of directors, as set forth in article 6.2 of the Board of Directors' Regulations.

(e) It will propose to the Board of Directors: (i) the remuneration policy for the directors and senior executives; (ii) the individual remuneration of the senior executive and any other conditions of their agreements; (iii) the contract policies and basic conditions of the senior executives agreements of the Company.

(f) Examine or organise, so that it is suitably understood, the succession of the Chairman and of the chief executive and, where applicable, make proposals to the Board so that such succession takes place in an orderly, well-planned manner.

(g) Ensure the observance of the payment policy established by the Company and the transparency of payments.

16.4. Statement on whether the issuer complies with the system or systems of corporate management of its country of incorporation. Should the issuer not comply with such system, a statement should be included to such end, as well as an explanation of the reason why the issuer does not comply with the system

The management system of the Company complies with and follows in general the guidelines, recommendations and practices of corporate management generally accepted by international bodies and codes, and, in particular, the Unified Code.

To such end, and with the purpose of adapting the Company to the demands and practices of good corporate management of listed companies, the Board of Directors of Fluidra at its meeting held on 5 September 2007 approved the Board of Directors' Regulations and the Internal Code of Conduct. In this same sense, the General Shareholders' Meeting, at its session held on 5 September 2007, approved a new redrafted text of the Company By-Laws, as well as Regulations for the General

Shareholders' Meeting, and acknowledged the Internal Code of Conduct and of the Board of Directors' Regulations approved by the latter.

Notwithstanding that, as stated above, the Company fulfils the main guidelines, reccomendations and practices of Corporate Governance, it is necessary to specify the following in relation to the fulfilment of the recommendations contained in the Unified Code:

- At present there exists no female directors on the Board of Directors of the Company. Notwithstanding this, during the search processes for directors, the Company ensures the same do not contain specific obstacles hindering the selection of women. In any event, as established in article 14.3 of the Board of Directors' Regulations, the Appointments and Remuneration Committee will inform the Board on matters of gender diversification and qualifications of directors.

- The Audit Committee is made up of three members, one of which is an executive board member. Although the Unifed Code reccomends that the Committee be formed exclusively by external members, the Company has deemed it convenient to incorporate an executive board member due to the complexity of the Group and the business sector in which the Company develops its activities, so as to facilitate an efficient operation of the Committee.

The Company has the firm undertaking of following the strictest practices of good management, adapting as soon as possible to the recommendations of corporate management applicable to it from time to time.

In this sense, it is envisaged that once the Appointments and Remuneration Committee comes into force, the same will verify the nature of each one of the directors, as well as ensure the appointment of the directors deemed independent is subject to the ratification of the first General Meeting held after the meeting of this Committee.

From the date the shares of the Company are admitted to trading on the Stock Exchange, the web page of Fluidra will be adapted to the requisites required by the securities market regulations to comply with the exercise by the shareholders of their right to information and to disseminate the relevant information.

17. EMPLOYEES

17.1. Number of employees at the end of the period or the average for each financial year during the period covered by the historical financial information until the date of the Registration Document (and the variations in such number, if significant) and, if possible and if it is of importance, a breakdown of the people employed by main category of activity and geographic situation. If the issuer employs a significant number of part-time employees, include information on the number of part-time employees by average during the most recent financial year

The following table details the average number of employees broken down by professional categories and by geographic distribution during the financial years ended on 31 December 2004, 2005, 2006.

The average number of employees during the financial years 2006 and 2005, broken down by categories, was as follows:

	2006	2005	2004
Management	163	100	92
Sales, logistics and production	2,672	1,639	1,545
Administration and purchasing	434	360	408
	3,269	2,099	2,045

On 30 June 2007, the average number of employees of the Group had not varied significantly in respect of the average number corresponding to the financial year ended on 31 December 2006.

The average number of temporary employees of the Fluidra Group in the financial year 2006 was 360, implying 11% of the total average of employees of the Fluidra Group.

17.2. Shares and share purchase options

The board members and top managers mentioned in section 14.1 who, as at the date of this Prospectus, are direct or indirect holders of Company shares are the following:

Shareholder	Number of shares			% of capital
	Direct	Indirect	Total	
Juan Planes Vila	0	12,686,793 (1)	12,686,793	11.43
Bansabadell Inversió Desenvolupament, S.A.U.	10,120,880	0	10,120,880	8.99
Luís Cortés Alvarez	0	225,258 (2)	225,258	0.20

(1) Through a stake of 72.445% in Dispur, S.L., which implies total control of the company (100%).

(2) Through a stake of 99.9% in Soden MLC and Asociados, S.L., which implies total control of the company (100%).

Once the shares of Fluidra have been admitted to negotiation, assuming that the green shoe purchase option is fully exercised, the shares of the members of the Board of Directors and their percentage on the capital of the company should be as follows:

Shareholder	Number of shares			% of capital
	Direct	Indirect	Total	
Juan Planes Vila	0	12,686,793 (1)	12,686,793	11.43
Bansabadell Inversió Desenvolupament, S.A.U.	10,120,880	0	10,120,880	8.99
Luís Cortés Alvarez	0	225,258 (2)	225,258	0.20

(1) Through a stake of 72.445% in Dispur, S.L., which implies total control of the company (100%).

(2) Through a stake of 99.9% in Soden MLC and Asociados, S.L., which implies total control of the company (100%).

See section 15.1 of the Information on the Issuer, which contains a description of a Plan which grants managers and senior executives units (RSUs) which are convertible into shares of the Company pursuant to certain parameters.

Likewise, the Company has decided to extend the Offer to Fluidra's employees by preparing a specific Employee Tranche, as laid down in section 5.2 of the Securities Note.

17.3. Description of all agreements on employee participation in the capital of the issuer

The incentive plan referred to in section 17.2 is exclusively for top executives, and there is no specific plan for the rest of the employees.

18. MAIN SHAREHOLDERS

18.1. As far as the issuer is aware, the name of any person who does not belong to the administrative, management or supervisory bodies who, directly or indirectly, has a declarable interest, according to the national law of the issuer, in the capital or the voting rights of the issuer, as well as the amount of interest of each one of these people or, should such people not exist, the corresponding negative statement

The main shareholders of the Company, as on the date of verification of the Prospectus, are the following, indicating their participation before and after the offer:

Name of the offering shareholder	Nº of total shares	% of capital before the Offer	Nº of shares offered	% of capital after the Offer(1)	Nº of shares offered in the *green shoe*	% of capital after the Offer(2)
D. Juan Planes Vila (3)	18,500,247	16.43	5,068,308	11.92	563,146	11.42
D. Robert Garrigós i Ruiz (4)	13,614,798	12.09	5,068,308	7.59	563,146	7.09
D. Juan Serra Aragonés (5)	24,332,009	21.60	8,004,895	14.5	1,122,200	13.5
D. Bernat Corbera Bros (6)	22,766,469	20.21	7,561,555	13.5	0	13.5
Bansabadell Inversió Desenvolupament, S.A.U.	22,565,792	20.04	11,200,420	10.09	1,244,492	8.99

(1) If the "green shoe" purchase option is not exercised.

(2) Assuming full exercice of the “green shoe” purchase option.

(3) Through a stake of 72.445% in Dispur, S.L., which implies total control of the company (100%).

(4) Through a stake of 94,21% in Aniol, S.L., which implies total control of the company (100%).

(5) Through a stake of 78,57% in Boyser, S.L., which implies total control of the company (100%).

(6) Through a stake of 54.05% in Edrem, S.L., which implies total control of the company (100%)

18.2. If the main shareholders of the issuer have different voting rights, or the corresponding negative statement

The main shareholders of the issuer do not have different voting rights to the rest of the shareholders of the Company. All the shares representing the capital of the Company enjoy the same economic and political rights. Each share gives entitlement to one vote, there not existing any privileged shares.

18.3. As far as the issuer is aware, state whether the issuer is directly or indirectly owned or under control and who exercises this, and describe the nature of such control and the measures adopted to guarantee such control is not abused

No shareholder exercises control (in the sense established in article 4 of the Securities Market Act) over the Company.

However, the majority shareholders of Fluidra, i.e. Boyser, S.L., Edrem, S.L., Aniol, S.L., Dispur, S.L. and Bansabadell Inversió Desenvolupament, S.A.U., which subsequent to the Offer will be holders of 57.60% (in the case that the green shoe purchase option is not exercised) or of 54.5% (in the case that the green shoe purchase option is fully exercised) of the shares of the Company, signed on 5 September 2007 an agreement through which, they define their position of control over the Company. The content of the agreement is detailed in section 22 of the Information on the Issuer of this Prospectus. and it should be emphasised that the shares of the Company included therein may not be transferred during the first 4 years a counting from the Stock Exchange floatation of the Company.

Pursuant to Law 6/2007 and Royal Decree 1066/2007, there exists the obligation of formulating a public purchase offer in the event that, through the acquisition of shares or through other mechanisms (such as agreements between significant shareholders), control over a listed company is obtained, establishing the threshold of control, in general, at 30% of the voting rights of such company.

Since, as stated above, those signing the agreement will control Fluidra from the moment of the floatation on the Stock Exchange of the Company, any transfer of shares those signing the agreement makes between themselves will not give rise, either for the acquiring shareholder or for the Syndicated Shareholders as a whole, to the obligation of formulating a public purchase offer over the shares of the Company given that these transfers will not alter the situation of control previously existing (they do not imply, therefore, a change of control over the Company). Once the initial 4-year syndication period has ended, for the purposes of establishing the controlling percentage over the Company, each Syndicated Shareholder will be individually assigned his stakeholding, by applying, where necessary, the regulations on Public Offerings applicable to further acquisitions of Company shares.

As far as the Company is aware, there is no subsequent agreement that modifies or afrects the above-mentioned para-corporate covenant.

Both the Internal Conduct Regulations and the Regulations of the Board of Directors of the Company lay down the rules applicable to conflicts of interest, and set forth, apart from certain limitations to action and certain duties –of loyalty and diligence, among others- to which the board members and the managers are subject, that the interest of the Company must come always first and above their private interests.

18.4. Description of all agreements, known by the issuer, which application might at a subsequent date give rise to a change in control over the issuer

The Company is not aware of the existence of any agreement of these characteristics, notwithstanding the provisions in relation to the preferential acquisition rights contained in the shareholders' agreement subscribed by the shareholders of the Company and detailed in section 22 of the Information on the Issuer of this Prospectus.

19. TRANSACTIONS WITH CONNECTED PARTIES

The information on transactions with connected parties (which for these purposes are defined according to the norms adopted by virtue of (EC) Regulation Nº 1606/2002), which the Issuer has performed during the period covered by the historical financial information and until the date of this Prospectus, must be declared in accordance with el (EC) Regulation Nº 1606/2002 and Order EHA/3050/2004, of 15 September, where applicable.

The transactions with connected parties in place are those typical of the ordinary business of the Company and that it believes have been carried out under market conditions. For the period covered by the historical information and until the date of this Prospectus, the said transactions with connected parties are the following:

- **Inmobiliaria Tralsa, S.A.**

  The company Inmobiliaria Tralsa, S.A., participated in by Aniol, S.L. (10%), Dispur, S.L. (10%), Edrem, S.L.(40%) and Boyser (40%), S.L., executed as landlord a lease agreement for a use other than residency with Astral Pool España, S.A., as tenant, whereby the former has leased to the latter a property formed by a warehouse with a surface area of 2.+,248 m^2 located in Polinyà (Barcelona).

  The agreement was entered into in 1985 for a term of 5 years, which can ben extended by tacit agreement. Furthermore, the annual rent for the lease of the entire property during the financial year 2006 came to 138 thousand euros and it establishes an amount of 152 thousand euros and 157 thousand euros for the years 2007 and 2008, respectively, the rent being updated in accordance with the percentage variation undergone by the National Consumer Price Index.

  The agreement forbids the transfer of the premises by the tenant.

- **Constralsa, S.L.**

The company Constralsa, S.L., participated in by Dispur, S.L. (25%), Aniol, S.L. (25%), Boyser, S.L. (25%) and Edrem, S.L. (25%), has executed as landlord the lease agreements for a use other than residence with companies of the Fluidra Group detailed in the following table:

Leases subscribed by Constralsa, S.L. with companies of the Company Group				
Tenant	**Property**	**Date and duration**	**Rent 2006 (€)**	**Observations**
Trace Logistics, S.A.	Premises devoted to logistics auxiliary warehouse of 600m^2 located in Maçanet de la Selva (Santa Coloma de Farners, Gerona)	1/12/2005 7 years (until 1/12/2012)	26,640	- Can be terminated by the landlord, with no payment of compensation whatsoever, with two years' notice - The rent is not updated
Cepex, S.A.U.	Premises devoted to manufacture of extrusion tubes of 10,353.50m^2 located in Sant Jaume de Llerca (Gerona)	1/12/2005 10 years (until 30/11/2015)	114,000	- Can be terminated by the landlord, with no payment of compensation whatsoever, with two years' notice - As of the year 2010, annual rent update by virtue of Consumer Price Index, with a minimum of 3%
Poltank	Premises devoted to manufacture of laminated polyester filters of 8,060 m^2	27/06/2006 6 years	176,783	- Can be terminated by the landlord, with no payment of compensation whatsoever, with two years' notice - As of the year 2010, annual update of the rent according to the Consumer Price Index, with a minimum rise of 3%
Metalast, S.A.U.	Premises devoted to manufacture of pumps for swimming pools of 3,078m^2 located in Polinyà (Barcelona)	1/12/2005 10 years (until 30/11/2015)	203,148	- Can be terminated by the landlord, with no payment of compensation whatsoever, with two years' notice - Annual rent update by virtue of Consumer Price Index, with a minimum of 3%
Servaqua, S.A.	Premises devoted to manufacture of bottle packages decalcification of 11,567m^2 located in Balsareny (Manresa)	1/01/2006 10 years (until 31/12/2015)	70,008	- Can be terminated by the landlord, with no payment of compensation whatsoever, with two years' notice - Annual rent update by virtue of Consumer Price

Leases subscribed by Constralsa, S.L. with companies of the Company Group				
Tenant	**Property**	**Date and duration**	**Rent 2006 (€)**	**Observations**
				Index, with a minimum of 3%
Interpool Ibérica, S.L.U.	Premises devoted to manufacture of liners for swimming pools of 4,108m^2 located in Maçanet de la Selva (Santa Coloma de Farners, Gerona)	1/12/2005 10 years (until 30/11/2015)	125.700	- Can be terminated by the landlord, with no payment of compensation whatsoever, with two years' notice - From the year 2012, annual rent update by virtue of Consumer Price Index, with a minimum of 3%

The Agreements subscribed with Constralsa, S.L. forbid the assignment or sub-leasing of the local, except in favour of companies whose majority shareholding composition is directly or indirectly the same as that of the tenant or companies over which the tenant exercises control pursuant to the Corporation Tax Act. Given that there is no derogation of the application of the Urban Lease Act in respect of the increase of rent in these cases, it should be understood that such increase would be demandable in the event of partial sub-lease (10%) or of assignment or total sub-lease (20%).

Notwithstanding the foregoing, the first clause of the said agreements establishes that the leased premises may be used furthermore as administrative offices supporting the activities of the tenant by companies controlled by the tenant, without regulating whether a rent increase is then appropriate. In this specific case, it can be understood that this is a case of a permitted use of the premises, not an assignment or sub-lease with a rent increase.

These agreements do not establish the updating to market value on five years of validity of the agreement.

- **Iberspa, S.L.**

The company Iberspa, S.L., participated in by Aniol, S.L. (21.656%) –which is also its joint and several administrator-, Edrem, S.L. (22.754%), Dispur, S.L. (21.656%), Boyser, S.L. (22.754%) – majority shareholders of the Company- and Irratsall, S.L. (11.18%)-former shareholder of the Company-, has as its main activity the manufacture and marketing of Spas, as well as the preparation and sale of elements, parts, accessories and complements related to the same.

Iberspa, S.L. and certain companies of the Fluidra Group have business relationships by virtue of which both parties are reciprocal suppliers and clients. In particular, Iberspa, S.L. provides Fluidra Group with certain products relating to spas and accessories thereof, while it purchases from the companies of the Fluidra Group certain products necessary for the manufacture of Spas.

The total amount of sales of Iberspa, S.L. to companies of the Fluidra Group and the percentage on Iberspa's total turnover was as follows: 2007 (1st quarter): 5,720,607 euros (86.94%); 2006: 9,680,709 euros (85.72%); 2005: 8,616,579 euros (89.35%) and 2004: 7,646,196 euros (88.07%).

The purchases of Fluidra Group from Iberspa, S.L. represent 3.67% of the total purchase of the Group. The purchases from Iberspa, S.L. account for 64.67% of the total purchases of spas and accessories by the Group.

The sales made by the Fluidra Group to Iberspa, S.L. over the same periods accounted for a very low percentage of the group's total sales. Specifically: 2007 (1st quarter): 653,292 euros (0.16%), 2006 1,00,334 euros (0.19%); 2005 1,219,399 euros (0.24%) and 2004 1,300,985 euros (0.34%).

The companies in the Group, Exexpool, S.L. and Iberspa, S.L., have entered into an agreement whereby the former provides consultancy and management services to the later. The amount paid by Iberspa, S.L. to Exexpool, S.L. for these services was 236,587 euros in 2007 (1st quarter); 294,148 euros in 2006; 294,148 in 2005; and 265,020 in 2004.

- **Interpool, SAS**

The French company Interpool S.A.S., participated in, among others, by Aniol (17.49%), S.L., Edrem (23.27%), S.L., Dispur, S.L. (23.27%), Boyser, S.L. (23.27%) -majority shareholders of the Company-, has as its main activity the manufacture and marketing of liners for swimming pools and bar covering for swimming pools.

The total amount of sales of Interpool, S.A.S. to companies of the Fluidra Group was: 2007 (1st half): 260,585 euros (4.67%); 2006: 440,551 euros (5.16%); 2005: 478,110 euros (7.18%) and 2004: 440,493 euros (7.52%).

The total amount of purchases of Interpool S.A.S. to companies of the Fluidra Group during the same periods has been as follows: 2007 (1st half): 33,230 euros; 2006: 179,586 euros; 2005: 409,842 euros and 2004: 199,876. In none of the periods mentioned was the relative weight of such sales higher than 0.11% of the total sales of Fluidra Group.

The company of the Fluidra Group Services, S.A.U. and Interpool S.A.S. have subscribed an agreement by virtue of which the former provides advisory and management services to the latter. The annual remuneration paid by Interpool S.A.S. to Fluidra Services, S.A. for this item was 31,500 in 2007 (1st half); 37,500 euros in 2006, 32,400 euros in 2005 and 30,960 euros in 2004. The term of the contract ended on 31 December 2006 and has been tacitly extended for one year.

- **Interpool Ibérica, S.L.**

The company Interpool Ibérica, S.L., fully participated in by Interpool, S.A.S., has as its main activity the marketing of liners for swimming pools and bar covering for swimming pools. The sole director of this company is Interpool, S.A.S., represented by Jaume Carol Pañach, but Interpool, S.A.S. is now in the process of appointing a new individual representative.

The total amount of sales of Interpool Ibérica, S.L. to companies of the Fluidra Group has been as follows: 2007 (1st half): 464,321 euros (31.17%); 2006: 783,547 euros (27.45%); 2005: 654,545 euros (45.42%) and 2004: 555,329 euros (56.77%).

The total amount of purchases of Interpool Ibérica, S.L. from companies of the Fluidra Group during these periods were as follows: 39,179 euros in 2007 (1st half); 51,785 euros in 2006; 16,216 euros in 2005 and 9,246 in 2004. In none of these periods were such sales higher than 0.011% of the operating turnover of the Fluidra Group.

- **Aqualink, S.L.**

  The company Aqualink, S.L., is held by, among others, Mr Bernat Corbera Bros and Mr Juan Planes Vila, directors of the Company, neither of whom solely or jointly have a majority shareholding in the organisation.

  This company, which is registered as a wholesale trader of construction material, has had in recent years very limited, almost residual, activity. In the financial year 2006 its turnover was less than 36,000 euros and in the first quarter of 2007 its total invoicing to Fluidra Group was less than 24,000 euros.

- **Dispur, S.L.**

  Dispur, S.L., majority shareholder of the Company, and the Fludria Services Group, have entered into a contract for planning and control services in which the latter will provide the former with certain accountancy services. The annual amount to be paid by Fluidra Services, S.A.U to Dispur, S.L. for these services will be 28,000 euros plus VAT.

  This contract will expire on the 31st December 2007, should the Group choose not to extend it.

Once the agreements or contracts executed by the Group with these companies have terminated, where applicable new agreements or contracts will be negotiated. The negotiations, where existing, will be under market conditions, with new agreements or contracts being executed with those companies offering the most beneficial conditions for the Group.

In the event new agreements are finally subscribed with the connected companies aforementioned, they will be analysed beforehand by the Auditing Board, which will inform the Board of Directors on its conclusions, prior to the latter deciding on the effective subscribing of the agreement.

Moreover, before 31 December 2007, and after such date, every year, the Audit Committe of Fluidra will check the conditions applied to Fluidra by the suppliers that are bound parties and will compare them with the other suppliers of Fluidra, in order to determine whether such conditions are market conditions or not, and will report the conclusions to the Board of Directors.

In accordance with article 35.1 of the Board of Directors Regulations, the directors affected by transactions with bound parties will not exercise or delegate their voting right, will not be present in the meeting of the Board of Directors during the deliberation and will not be counted for the purposes of determining the quorum and the majorities with regard to the matter in question.

20. FINANCIAL INFORMATION REGARDING THE ASSETS AND LIABILITIES OF THE ISSUER, FINANCIAL POSITION AND PROFIT AND LOSS

20.1. Historical financial information

The financial information included in this section refers to the annual consolidated accounts of the Group corresponding to the annual financial years closed on 31 December 2005 and 2004, drawn up pursuant to the PGC, and to the consolidated financial statements of the Group corresponding to the annual financial years closed on 31 December 2006 and 2005, drawn up in accordance with the EU-IFRS. Said annual accounts and consolidated financial statements –together with their explanatory notes- were subjected to auditing by KPMG Auditors, S.L. All audit reports include an unqualified opinion and a paragraph indicating that the financial statements of some foreign companies have been audited by other auditors and that the opinion of the auditors of the Issuer and its dependant companies is based on the report of such other auditors as far as these companies are concerned.

On 28 February and 30 March 2006 the activities of the WATER division were acquired and, therefore, the Financial Statements of the financial year 2006 only incorporate nine months corresponding to said activity.

Additionally, the condensed consolidated interim financial statements are included corresponding to the interim periods closed on 30 June 2007 and 2006, drawn up in accordance with the EU-IFRS, which have been subjected to a limited review by KPMG Auditors, S.L.

For the review of the main accounting principles and norms applied in the preparation of the consolidated and audited financial statements, necessary for their correct interpretation, as well as for the review of the auditing reports for the last three financial years closed, please consult the annual consolidated accounts, the consolidated financial statements and explanatory notes, and the auditing reports deposited with the CNMV (www.cnmv.es). Furthermore, for the reviews of the main accounting principles and norms applied in the preparation of the condensed consolidated interim financial statements as on 30 June 2007 and 2006, please see consolidated financial statements and explanatory notes and the special purpose limited review report deposited with the CNMV.

All the financial information is expressed in thousands of euros.

20.1.1. Profit and loss account

(a) Profit and loss accounts corresponding to the annual financial years closed on 31 December 2006 and 2005 according to EU-IFRS criteria

Thousand euros	31/12/2006	% of Sales	31/12/2005	% of Sales	Variation 06-05
Operating income					
Sales of finished products	521,938	100%	405,991	100%	29%
Income from provision of services	9,104	2%	6,095	2%	49%
Other income	3,318	1%	2,216	1%	50%
Total operating income	534,360	102%	414,302	102%	29%
Operating costs					
Variation in stock of finished products and products under manufacture and supplies of raw materials	(263,874)	(51%)	(214,858)	(53%)	23%
Staff costs	(98,811)	(19%)	(68,694)	(17%)	44%
Amortisation costs	(23,134)	(4%)	(12,522)	(3%)	85%
Other operating costs	(96,273)	(18%)	(72,143)	(18%)	33%
Other costs	(2,708)	(1%)	(2,488)	(1%)	9%
Total operating costs	(484,800)	(93%)	(370,705)	(91%)	31%
Operating profit	**49,560**	**9%**	**43,597**	**11%**	**14%**
Financial income/costs					
Financial income	1,956	-	947	-	107%
Financial costs	(10,268)	(2%)	(5,574)	(1%)	84%
Differences of change	(1,459)	-	204	-	-
Financial result	**(9,771)**	**(2%)**	**(4,423)**	**(1%)**	**121%**
Participation in profit / (losses) of the financial year of affiliates entered into accounts applying the participation method.	(77)	-	(76)	-	1%
Pre-tax profit	**39,712**	**8%**	**39,098**	**10%**	**2%**
Expenditure due to capital gains tax	(11.253)	(2%)	(11,785)	(3%)	(5%)
Post-tax profit	28,459	5%	27,313	7%	4%
Result attributed to retail interests	(986)	-	(966)	-	2%

Profit attributed to holders of instruments of Net Worth of the parent company	**27,473**	**5%**	**26,347**	**6%**	**4%**
EBITDA (1)	**72,007**	**14%**	**56,315**	**14%**	**28%**

(1) Calculated as sales of finished products and goods + income from provision of services – variation in stock and supplies – staff costs – other operating costs + participation in profit / (losses) of the financial year of companies entered into account by applying the participation method

(b) <u>Profit and loss accounts corresponding to the annual financial years closed on 31 December 2005 and 2004 according to PGC</u>

Thousand euros	**2005**	**% of Sales**	**2004**	**% of Sales**	**Variation %05-04**
Net turnover figure	405,991	100%	374,085	100%	9%
Increase in the stock of Finished products and under manufacture	487	-	2,642	1%	(82%)
Work carried out by the Group for fixed assets	680	-	718	-	(5%)
Other operating income	5,361	1%	5,722	2%	(6%)
Supplies	(213,385)	(53%)	(198,204)	(53%)	8%
Staff costs	(68,694)	(17%)	(62,546)	(17%)	10%
Provisions for amortisations of fixed assets	(13,831)	(3%)	(12,614)	(3%)	10%
Variation trade provisions	(4,795)	(1%)	(2,801)	(1%)	71%
Other operating costs	(68,211)	(17%)	(65,569)	(18%)	4%
Operating profit	**43,603**	**11%**	**41,433**	**11%**	**5%**
Other assimilated interest and income	1,061	-	938	-	13%
Positive exchange rate differences	1,467	-	1,055	-	39%
Financial costs and assimilated costs	(5,500)	(1%)	(5,572)	(1%)	(1%)
Negative exchange rate differences	(1,603)	-	(1,553)	-	3%
Financial results	**(4,575)**	**(1%)**	**(5,132)**	**(1%)**	**(11%)**
Participation in losses of companies consolidated by the equity method	(76)	-	(107)	-	(29%)
Amortisation of the consolidation goodwill	(6,250)	(2%)	(5,372)	(1%)	16%
Profit from ordinary activities	**32,702**	**8%**	**30,822**	**8%**	**6%**
Profit from disposal of fixed assets	39	-	140	-	(72%)
Subsidies of capital transferred to results of the financial year			45	-	(100%)
Extraordinary income	2,177	1%	1,276	-	71%
Variation in provisions of fixed asset portfolio	(511)	-	(44)	-	1,061%
Losses arising from tangible and intangible fixed assets	(19)	-	(101)	-	(81%)
Extraordinary costs	(1,958)	-	(676)	-	190%

Extraordinary results	**(272)**	**-**	**640**	**-**	**(143%)**
Pre-tax consolidated profit	**32,430**	**8%**	**31,462**	**8%**	**3%**
Corporation tax	10,670	3%	10,235	3%	4%
Results attributable to external members	(966)	-	(911)	-	6%
Profit for financial year attributed to Parent Company	**20,794**	**5%**	**20,316**	**5%**	**2%**
EBITDA (2)	**57,358**	**14%**	**53,940**	**14%**	**6%**

(2) Operating profit + Provisions for amortisations of the Fixed Assets – Participation in losses of companies consolidated by the equity method. This magnitude is not included in the annual audited accounts of the financial year 2005 and 2004.

Below is a breakdown of the Key Figures of the IFRS profit and loss account and PGC of tables (a) and (b) of this section 20.1.1., together with a description of the main balances and movements during the periods analysed. Such breakdowns have been prepared comparing the EU-IFRS and PGC financial information. Providing the items of the chapters or accounts broken down have coincided, the breakdown tables are presented jointly separating with a backslash "/" the denominations when they were not the same, and when this was not the case, details have been included independently.

The comments on the figures refer to both accounting criteria, unless specifically referring to one of them.

In section 20.1.5. are details of the main differences between the accounting principles according to EU-IFRS and PGC.

- Sales of finished products and goods, Variation in stock of finished products and products under manufacture and supplies of raw materials and Gross margin:

  The progress of the gross margin of the Fluidra Group during the financial years 2006, 2005 and 2004 –as well as each of the entries comprising it- was the following:

	EU-IFRS		**PGC**		**% Var**	**% Var**
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**06-05**	**05-04**
Sales of goods and finished products/ Net turnover	521,938	405,991	405,991	374,085	29%	9%

Variation in stocks of finished products and in supplies of raw materials/Supplies	263,874	214,858	213,385	198,204	23%	8%
Variation in stocks of Finished Product and in the process of manufacture	-	-	(487)	(2,642)	-	(82%)
Gross Margin	258,064	191,133	193,093	178,523	35%	8%
% Gross Margin (on/Sales of goods and finished products/Net turnover)	49%	47%	48%	48%		

During the period 2004-2006 a growth occurred in the net turnover figure of 31,906 thousand euros in the financial year 2005 and 115,947 thousand euros during the financial year 2006, which correspond to increases of 9% and of 29% in said financial years, respectively. In the variation of the financial years 2005 and 2006, it is worth mentioning the incorporation of the companies comprising the WATER division. If such incorporation had not occurred, sales would have increased by 11%.

The POOL division, therefore, grew by 11% in 2006, with new markets such as the Australian and central European becoming consolidated, thanks to the new acquisitions. Of note is the behaviour of the southern Europe market, where the stagnation of the basic product has been compensated with products of added value and safety products in the French market. This behaviour of residential swimming pools has compensated the fall in the sales of Mass Market Swimming Pools to hypermarkets (in this sense, it should be borne in mind that the sales of Manufacturas Gre fell by 17%).

In the year 2005 also worth mentioning was the growth in residential swimming pools and public swimming pools / Wellness. On a geographic level, 2005 was a difficult year in the area of central Europe, in which there was almost no growth, which was compensated by growth in the international area and in the French, Spanish and Italian markets.

By virtue of all this, the gross margin of the financial years 2004, 2005 and 2006 was 48%, 47% and 49%. This increase in margin in 2006 was due mainly to the change in the composition of sales by products and the integration of the WATER division. It is worth mentioning that the decreases in the prices on the market of the basic product were partially compensated with improvements in costs, as well as an increase in sales of products of added value.

The gross margins of the POOL and WATER divisions are very similar and therefore the purchasing of the WATER division did not affect the modification of the gross margin.

- Income from provision of services / other operating income + work carried out for fixed assets: this item mainly includes the invoicing for services of transport of sales, and other logistics services provided by the Group. In the financial year 2005-2006 an increase took place of 3,009 thousand euros (49%), whereas in the financial year 2004-2005 a decrease occurred of 399 thousand euros (-6%). If the incorporation of the WATER division had not occurred, there would have been an increase of 17.5% in 2006.

- Other income: this item includes mainly the profit from the sale of tangible fixed assets, as well as surpluses in current provisions not related to stock or commercial debtors. The variations between the financial years 2005-2006 and 2004-2005 showed an increase of 1,102 thousand euros (50%) and 755 thousand euros (52%) respectively.

- Staff costs: the staff costs represent 19%, 17% and 17% of “Sales of finished products and goods”, respectively, for the financial years 2006, 2005 and 2004, the composition for said periods being the following:

	EU-IFRS		**PGC**		**% Var**	**% Var**
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**06-05**	**05-04**
Pay and salaries	74,771	51,688	51,688	47,661	45%	8%
Public healthcare charged to the business	19,352	13,447	13,447	12,195	44%	10%
Compensation	1,801	1,344	1,344	1,062	34%	27%
Other corporate expenditure	2,887	2,215	2,215	1,628	30%	36%
Total	98,811	68,694	68,694	62,546	44%	10%

It is worth mentioning that the staff costs include direct labour costs, those of indirect manufacturing personnel, all the personnel of the distribution networks of the Group and management staff of the Group.

The percentage increase in staff costs in the period 2005-2006 was due in part to (i) the acquisition of the companies of the WATER division (without which the growth in staff costs would have been 16%), (ii) the opening of commercial branches and (iii) a strengthening of the structure, to face new future growth challenges.

- Amortisation costs: the entry for amortisations of the financial years 2005-2006 and 2004-2005 increased by 10,612 thousand euros (85%) and 1,217 thousand euros (10%). The increase was caused by the amortisation of the elements of the assets at book value of the companies acquired, as well as by those indentified at a reasonable value, whether intangible assets or fixed assets. Of the 23,134 and 12,522 thousand euros of amortisation of 2006 and 2005 -according to EU-IFRS-, respectively, 19,516 and 12,052 thousand euros of amortisation of the tangible fixed assets and real estate investments and 3,618 and 470 of amortisation of the intangible fixed assets, respectively. As regards the years 2004 and 2005 -

according to PGC criteria -, of the 13,831 and 12,614 thousand euros of amortisation, respectively, 10,546 and 9,732 and of amortisation of the tangible fixed assets and 2,934 and 2,534 thousand euros of the intangible fixed assets, respectively. The amortisation of the intangible fixed assets corresponds basically to the amortisation of research and development costs.

- Other operating costs: the other operating costs represent 18% of “Sales of finished products and goods” for the financial years 2006, 2005 and 2004, the composition for said periods being the following:

	EU-IFRS		PGC		% Var	% Var
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**06-05**	**05-04**
Leases	13,350	9,426	9,426	8,294	42%	14%
Repair and maintenance	5,550	3,743	3,743	3,253	48%	15%
Services provided by independent professional	6,155	3,774	3,774	2,986	63%	26%
Temporary work costs	6,509	5,021	5,021	5,435	30%	(8%)
Fees	3,498	3,668	3,668	4,179	(5%)	(12%)
Transport of sales	23,441	16,572	16,572	16,513	41%	0%
Insurance premiums	4,722	1,908	1,908	1,488	147%	28%
Banking Services	1,223	850	850	881	44%	(4%)
Publicity and Advertising	7,182	4,780	4,780	4,393	50%	9%
Supplies	5,473	4,798	4,798	4,200	14%	14%
Communications	3,149	2,184	2,184	2,132	44%	2%
Travel expenses	5,621	3,696	3,696	3,365	52%	10%
Tax	2,564	1,735	1,735	1,387	48%	25%
Variation in operating provisions	3,236	2,775	2,775	1,971	17%	41%
Other (*)	4,600	7,213	6,055	7,063	(36%)	(14%)
Total	96,273	72,143	70,985	67,540	33%	5%
Sales of goods and finished products /Net turnover figure	521,938	405,991	405,991	374,085	29%	9%
Operational expenditure (**)	17,487	11,831	11,831	11,131	48%	6%
General expenditure (**)	78,786	60,312	59,154	56,409	31%	5%
Total	**96,273**	**72,143**	**70,985**	**67,540**	33%	5%
%Operational expenditure (s/ Sales of goods and Finished products /Net turnover						

	EU-IFRS		PGC		% Var	% Var
	31.12.06	31.12.05	31.12.05	31.12.04	06-05	05-04
figure)	3%	3%	3%	3%		
% General expenditure (s/ sale of goods and Finished products/ Net turnover figure	15%	15%	15%	15%		

(*) Includes office supplies, logistical services, Board of Director's salaries, guarantees and other expenses, particularly those relating to R&D,

(**) Information taken from the Group's expense accounts

The operating costs incurred by the Fluidra Group may be classified in the following two ways: (i) by nature, and (ii) depending on the role they fulfil in the activities of the Group, basically distinguishing (a) the expenses associated directly or indirectly to production and (b) those associated both to the distribution network as well as other general and administration costs.

Within the costs by nature, it is worth mentioning the importance of the transport costs both for internal distribution within the Group, as well as distribution to clients. The progress of said item was the following: 2004 – 4.4% of sales, 2005 – 4.1% of sales and 2006 – 4.5% of sales. In general there exists an upward trend for this item which has its origin in the increase in transport costs in general. This increase was compensated in the year 2005 with the logistics optimising of the Group. However, in the year 2006, the ratio of sales transport costs deteriorated due to the incorporation of the WATER division.

The second item in absolute importance was that of leases and levies, which represents 2.6% of the turnover, where the most relevant part was the leases paid both by the production units and by the commercial branches. The incorporation of the WATER division implied an increase of 1,733 thousand euros in the entry of leases. Additionally the most significant acquisitions made in the year 2006 (Astral Pool Australia PTY LTD, MTH and SSA) implied an increase of 639 thousand euros. The rest of the increase was explained by the openings of new commercial branches (Cadiz, Seville, Bulgaria, Chennai - India, SinPGCore, etc), reviews of agreements reaching maturity, extensions to existing agreements (the most significant being that of Certikin International which has extended the installations to the neighbouring building). A breakdown of this amount is found in chapter IV 8.1 of this Prospectus.

Advertising and publicity includes all promotional activities of the Group: attending trade fairs, catalogues, promotional activities with clients. Additionally, it includes the sponsoring of the Federación Internacional de Natación (FINA).

R&D expenses include all those costs incurred in the development of new products. These came -during the year 2006- to the amount of 3,074 thousand euros, having increased by 1,684 thousand euros in respect of the year 2005. During recent years, the Group has invested more and more in R&D as a basis for the development of new products, to maintain both a position of reference on the market as well as the margins.

Furthermore, the following entries underwent significant growth from 2004 to 2005 and from 2005 to 2006:

- Trade provisions, due to a re-evaluation of the accounting calculations, adapting the provisions for the majority of the foreign subsidiaries of the Group.

- Independent professional services. This item includes all the advice necessary for developing the following internal projects: corporate social liability, change of corporate image, adapting of logistics circuits between productive and commercial, adaptation of information systems to requirements both internal and external and others.

- Insurance premiums: updating of insurance premiums to cover the possible risks which the Group might face.

Both the industrial as well as the general costs remained constant in terms of percentages of “Sales of finished products and goods” for the financial years 2006, 2005 and 2004. For the period 2005-2006, the operating costs increased in an absolute value by 33%, whereas for the period 2005-2004 they grew 5%.

The effect of not incorporating the WATER division in 2006 would have represented a growth in the operating costs equal to that which occurred in the period 2004-2005.

- Other costs: this item of EU-IFRS includes mainly losses coming from the sale or disposal of tangible fixed assets, as well as other costs not related to stock or commercial debtors.

- Financial result: the composition of the financial result of the Fluidra Group en the financial years 2006, 2005 and 2004 was the following:

	EU-IFRS		PGC		% Var	% Var
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**06-05**	**05-04**
Financial Income						
Other income and accumulated interests	1,743	863	1,061	938	102%	13%

	EU-IFRS		PGC		% Var	% Var
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**06-05**	**05-04**
Net variation in fair value of financial instruments	213	84			154%	
Exchange fluctuations	1,895	1,913	1,467	1,055	(1%)	39%
Total	**3,851**	**2,860**	**2,528**	**1,993**	**35%**	**27%**
Financial Expenditure:						
Financial and accumulated expenditure	10,268	5,574	5,500	5,572	84%	(1%)
Exchange fluctuations	3,354	1,709	1,603	1,553	96%	3%
Total	**13,622**	**7,283**	**7,103**	**7,125**	**87%**	**-**
Financial balance (*)	**(9,771)**	**(4,423)**	**(4,575)**	**(5,132)**	**121%**	**(11%)**

(*) Financial Income – Financial Expenditure

The variation in the financial year 2006 implied a worsening of the financial results of 5,348 thousand euros. This was due basically to the following effects:

- Increase in the net financial debt, going from 72,542 thousand euros in 2005 to 156,641 in the financial year 2006.

- General increase in interest rates in the Euro zone. Although the Group has a coverage policy against interest rate risk (described in chapter IV.10), the increase in rates affected it during the year 2006.

- Differences in exchange rate due to the situation of the American dollar at the end of the financial year 2006. The Group uses the natural coverage of cash flows within the financial year but at the end of the financial year there existed balances due receipt in USD for the amount of 7,109 thousand euros and due payments for the amount of 4,773 thousand euros. Also to be borne in mind is the balance in United Arab Emirates Dirhams (currency linked to the USD) for the amount of 2,722 thousand euros. Moreover, regarding the influence of the American dollar, it is worth the significant losses caused by the loss in value of the Turkish Lira. The impact of negative exchange rate differences due to the Turkish lira was 259 thousand euros of the consolidated results for the financial year 2006.

- Expenditure due to capital gains tax: the progress of capital gains tax expenditure, as well as the effective tax rate for the Fluidra Group during the financial years 2006, 2005 and 2004, was the following:

	EU-IFRS		PGC	
	31.12.06	31.12.05	31.12.05	31.12.04
Consolidated profits before tax on ongoing activities (1)	39,712	39,098	32,430	31,462
Aggregate average net profits of the companies in the group (2)=(a-b-c-d)	15,168	12,314	12,165	12,157
Nominal corporate tax rate (3)=(2)/(1)	38%	31%	38%	39%
Differences in expenditure due to taxes in previous financial years (d)	802	68	68	200
Tax allowances (c)	(2,383)	(597)	(1,563)	(2,122)
Effect of variations of the tax rate in Spain (b)	(2,334)			
Accrued expenditure of corporate tax (4)(a)	**11,253**	**11,785**	**10,670**	**10,235**
Effective rate of corporate tax (5)=(4)/(1)	28%	30%	33%	33%

In the 2006 financial year, the effective tax rate on gains fell from 30% to 28%. This was fundamentally due to tax reductions associated with the investments made abroad and to the effect of the variations of the approved tax rate in Spain on deferred tax assets and liabilities.

- Profits due to holders of the parent company's net asset instruments: in the 2006 financial year, the profits due to holders of the parent company's net asset instruments amounted to 27,473 thousand euros, which accounted for 5.26% on sales compared to 6.49% in the 2005 financial year in which this figure amounted to 26,347 thousand euros. Thus, despite the 29% increase in the net value of sales from one financial year to the other the company's results in percentage terms on sales decreased by 1.23 percentage points. This decrease can be explained by:

    - A loss of 1.57 percentage points on sales of the total operating expenditure, which changed from 91.31 in 2005 to 92.88 in the financial year. This was basically a result of the increase in staff expenses (which rose from 16.92% to 18.93% on sales from one year to the other) and of an increase in amortisation expenses (which rose from 3.08% to 4.43% on sales).

    - A loss of 0.78 percentage points on sales in the Company's net financial result.

- A recovery of 0.74 percentage points on sales in the expenditure due to tax on gains.

If the same analysis is made for the 2004-2005 financial years according to the PGC, it can be seen that the profits in the year attributed to the Parent Company increased from 20,316 thousand euros in the 2004 financial year to 20,794 thousand euros in the 2005 financial year, which is 5.43% and 5.12% on sales. Thus, despite the 8.5% increase in the net amount of the turnover from one financial year to the other, the company's results in terms of percentage points on sales decreased by 0.31 percentage points on sales. This decrease can basically be explained by the increase in the operation provisions that changed from 0.75% to 1.18% on sales from one financial year to the other. The remainder of the differences compensate each other, and there are no other significant variations.

20.1.2. Balance sheets

(a) Consolidated balance sheets as on 31 December 2006 and 2005 according to EU-IFRS criteria

Assets	2006	2005	Variation % 05-06
Tangible fixed assets	142,915	69,975	104%
Property investments	4,466	1,274	251%
Goodwill	128,802	90,542	42%
Other intangible assets	29,230	1,025	2752%
Investments entered into accounts applying the participation method	68	206	(67%)
Non-current financial assets	5,348	3,085	73%
Other accounts receivable	7,790	-	-
Assets from deferred taxes	4,733	3,096	53%
Total non-current assets	323,352	169,203	91%
Stock	136,441	94,631	44%
Commercial debtors and other accounts receivable	142,900	84,644	69%
Assets from taxes on current gains	857	-	-
Other financial current assets	3,055	2,629	16%
Cash and other equivalent liquid resources	54,347	46,022	18%
Total current assets	337,600	227,926	48%

TOTAL ASSETS	660,952	397,129	66%
Net Worth			
Capital	112,629	90,303	25%
Issue premium	92,831	35,547	161%
Accumulated gains	84,125	62,802	34%
Dividend on account delivered during the financial year	(6,500)	(6,150)	6%
Recognised income and costs	(73)	305	(124%)
Assets attributed to holders of instruments of Net Worth of the parent company	283,012	182,807	55%
Retail interests	5,981	4,718	27%
Total Net Worth	288,993	187,525	54%
Liabilities			
Financial liabilities with credit institutions	101,817	59,823	70%
Derivative financial instruments	607	203	199%
Liabilities due to deferred taxes	30,855	2,405	1183%
Provisions	4,286	2,538	69%
Official subsidies	202	207	(3%)
Other non-current liabilities	1,570	5,218	(70%)
Total non-current liabilities	139,337	70,394	98%
Financial liabilities with credit institutions	117,574	64,455	82%
Trade creditors and other accounts receivable	111,174	68,880	61%
Liabilities from taxes on current gains	3,073	5,643	(46%)
Provisions	753	232	225%
Derivative financial instruments	48	-	-
Total current liabilities	232,622	139,210	67%
Total liabilities	371,959	209,604	77%
TOTAL NET WORTH AND LIABILITIES	**660,952**	**397,129**	**66%**

(b) <u>Consolidated balance sheets as on 31 December 2005 and 2004 according to PGC</u>

ASSETS	2005	2004	Variation % 05-04
Establishment costs	677	994	(32%)
Intangible fixed assets	11,560	12,586	(8%)
Tangible fixed assets	61,520	55,240	11%
Financial fixed assets	3,227	2,825	14%
Total fixed assets	**76,984**	**71,645**	**7%**
Consolidation goodwill	**83,687**	**85,779**	**(2%)**
Costs to be distributed among various financial years	**650**	**746**	**(13%)**
Stock	93,993	92,107	2%
Clients from sales and provisions	80,106	71,327	12%
Various debtors	3,048	2,183	40%
Provisions for trade insolvency	(8,098)	(6,050)	34%
Public Authorities	11,205	9,201	22%
Temporary financial investments	15,011	7,901	90%
Cash	33,572	30,476	10%
Accrual accounts	1,154	1,774	(35%)
Total circulating assets	**229,991**	**208,919**	**10%**
TOTAL ASSETS	**391,312**	**367,089**	**7%**
LIABILITIES			
Subscribed capital	90,303	90,303	-
Issue premium	35,547	35,547	-
Reserves of the parent company	7,215	12,895	(44%)
Reserves in companies consolidated through			
global or proportional integration	29,108	7,577	284%
Reserves in companies consolidated by the equity method	(77)	(154)	(50%)
Profit attributable to the Parent company	20,794	20,316	2%

Differences in exchange rate	188	(604)	(131%)
Dividends assets on account	(6,150)	(4,497)	37%
Total net equity	**176,928**	**161,383**	**10%**
Interests of external members	**4,718**	**3,866**	**22%**
Income to be distributed among various financial years	**612**	**474**	**29%**
Provisions for risks and costs	**2,538**	**1,821**	**39%**
Debts with credit institutions	60,513	50,572	20%
Debts for purchases of fixed assets	4,730	7,454	(37%)
Other debts	488	662	(26%)
Total long-term creditors	**65,731**	**58,688**	**12%**
Debts with credit institutions	64,532	57,380	12%
Commercial creditors	50,351	58,387	(14%)
Public Authorities	12,443	11,232	11%
Suppliers of fixed assets	7,101	7,306	(3%)
Remuneration pending payment	4,058	3,881	5%
Other debts	807	1,420	(43%)
Accrual accounts	1,261	1,087	16%
Provisions for other trade transactions	232	164	41%
Total short-term creditors	**140,785**	**140,857**	**-**
TOTAL LIABILITIES	**391,312**	**367,089**	**7%**

Below are details of the main chapters of the EU-IFRS and PGC balances of tables (a) and (b) of this section 20.1.2., together with a description of the main balances and variations during the periods analysed.

Such breakdowns have been prepared comparing the EU-IFRS and PGC financial information. Providing the items of the chapters or accounts broken down have coincided, the breakdown tables are presented jointly separating with a backslash “/” the denominations and/or chapter groupings when they were not the same, and when this was not the case, details have been included independently.

The comments on the figures refer to both accounting criteria, unless specifically referring to one of them.

In chapter IV. 20.1.5. of this Prospectus is a breakdown of the main differences between the accounting principles according to EU-IFRS and PGC.

ASSETS

A. Non-current assets / Fixed Assets

a) Tangible fixed assets

The tangible fixed assets correspond to the investments made by the Fluidra Group, both in their production centres, as well as in their commercial branches.

As regards the production centres, they include the part of technical machinery installations. Within the equipment are included the moulds. As regards the branches, these basically include the installations necessary referring to the warehouse and the offices, covering both furniture as well as equipment for the processing of information.

Additionally, they include the buildings belonging to the Fluidra Group, both regarding the commercial branches and the production centres. For further details, see chapter IV.8 of this Prospectus.

The composition of the gross account values of each one of the elements comprising the item “Tangible fixed assets” of the consolidated balance sheet of the Fluidra Group, as well as the total accumulated amortisation as on 31 December 2006, 2005 and 2004 was the following:

	EU-IFRS		PGC		% Var	% Var
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**	**06-05**	**05-04**
Land and buildings	73,329	29,729	27,617	29,351	147%	(6%)
Technical equipment and machinery	103,823	51,815	44,660	34,416	100%	30%
Other equipment, tools and furniture	81,930	44,828	42,731	36,415	83%	17%

Other fixed assets	15,554	10,843	9,666	8,799	43%	10%
Fixed assets in progress	5,222	2,240	2,240	418	133%	436%
Accumulated depreciation	(136,943)	(69,480)	(65,394)	(54,159)	97%	21%
Total	**142,915**	**69,975**	**61,520**	**55,240**	**104%**	**11%**

The main variations existing between the years 2005 and 2004 were the investments made in 2005 –a breakdown of which is set forth in chapter IV 5.2 of this Prospectus-, which corresponded to 15.6 million euros.

The variations in the financial year 2006 corresponded mainly to the incorporations to the accounting requirements which took place in the year 2006 for the acquisitions made, which implied a gross value of 122 million euros and an accumulated amortisation of 51 million euros. Additionally, investments were made for the amount of 24 million euros during the year 2006.

b) **Property investments**

The property investments for the financial year 2006 corresponded mainly to properties coming from the acquisition of the WATER division and referred to industrial warehouses and non-productive land, devoted to leasing or future sale.

c) **Goodwill**

The composition of this entry as on 31 December 2006, 2005 and 2004 was the following:

	EU-IFRS		**PGC**	
	31.12.06	**31.12.05**	**31.12.05**	**31.12.04**
Astral Pool SAU and subsidiary companies	33,301	32,756	29,923	32,127
Auric Pool SAU and subsidiary companies	26,927	26,764	24,905	26,432
Manufacturas GRE S.A.	23,741	23,741	22,654	20,521
Hydroswim SAS	749	654	600	634
Certikin International Ltd	4,362	4,283	3,521	3,721
Schwimbad- Sauna-Ausstattungs GmbH	3,346	2,344	2,084	2,344
MTH-Moderne Wassertechnik AG	1,279	-	-	-
ID Electroquimica SL	2,674	-	-	-
Comercial de Exclusivas Internacionales Blage SA	2,685	-	-	-
Astral Pool Australia	6,653	-	-	-

PTY LTD				
Cepex Holding SA y sociedades dependientes	15,637	-	-	-
Neokem Grup SA y sociedades dependientes	6,168	-	-	-
SNTE Agua Group SA y sociedades dependientes	1,280	-	-	-
Total Fondo de Comercio	**128,802**	**90,542**	**83,687**	**85,779**

According to EU-IFRS, the goodwill is not amortised, but its deterioration is analysed on an annual basis or more frequently should events be identified that indicate a potential loss in the value of assets. To this end, the goodwill that results from the business combinations is allocated to each of the cash-generating units (CGU) of groups of CGUs that are expected to benefit from the synergies of the combination. Following the initial analysis, the goodwill is assessed in terms of its cost minus losses due to an accumulated drop in value.

The Group follows the criterion of assessing whether there are any indications that a potential drop in the value of non-financial assets subject to amortisation or depreciation could take place. This assessment also applies to organisations that are entered into the books using the equity method. This is done in order to check whether the book value of the aforementioned assets exceed their recoverable value.

Likewise, regardless of whether there are any indications of a drop in value, the Group checks at least once a year the potential drop in the value that may affect the goodwill, the intangible assets with an indefinite useful life and the intangible assets that are still not available for use.

The recoverable value of the assets is their greatest reasonable value minus sales costs and their value in use. The value in use is determined according to anticipated cash flows in the future that will be derived from the use of the assets, the prospect of possible variations in the amount or temporal distribution of the flows, the temporal value of money, the price to be satisfied to compensate for uncertainties related to the assets and other factors that the market participants would consider in their assessment of future cash flows related to the assets.

The resulting negative differences of the comparison of the book values of the assets with the recoverable values are charged to the consolidated profit and loss statement.

The recoverable value must be calculated for individual assets, unless a particular asset does not generate cash entries that to a large extent are separate to those corresponding to other assets or groups of assets. Should this be the case, the recoverable amount is determined by the Cash-generating Unit (CGU) to which they belong.

The losses related to a drop in the value of the CGUs are initially allotted to reduce, if applicable, the value of the goodwill distributed in the same and subsequently to the other assets in the CGU, which are proportionally allocated according to the book value of each of the assets. A limit is placed on each of these assets that is equivalent to their highest reasonable value minus the sales costs, their value in use and zero.

On each year-end date, the Group will assess whether there are any indications that losses due to a drop in the recognised value of previous financial years are no longer likely or that they may have decreased. Losses due to a drop in value that correspond to goodwill are not revisable. The losses due to a drop in value of the remainder of assets are only carried forward if there has been a change in the estimations used to determine the recoverable value of assets.

The review of losses due to a drop in value is recorded as an entry on the consolidated profit and loss statement. However, the reversal of losses may not increase the book value of assets above the book value it would have had, at a net amortisation rate, if the drop had not been recorded.

The amount of the reversal of losses in the value of a CGU is spread among the assets of the same, with the exception of goodwill. A proportional allotment is applied according to the book value of each of the assets. A limit is placed on each of these assets that is equivalent to their lowest reasonable value and book value they would have had, at a net amortisation rate, if the losses had not been recorded.

The goodwill coming from combinations of business carried out from the dates of transition to EU-IFRS (1 January 2005) are valued at the initial moment for an amount equivalent to the difference between the cost of the combination of business and the participation of the Fluidra Group in the fair net value of the assets, liabilities and contingent liabilities of the dependent entity or joint business acquired. Any negative goodwill arising from an acquisition is recognised directly in the consolidated profit and loss of the financial year.

The acquisitions which took place in the period of three years analysed are the following:

- On 15 April 2004, the Group acquired 49% of the capital of the multigroup company Schwimmbad-Sauna-Ausstattungs GmbH. The positive difference in the acquisition date which existed between the acquisition price of the shares of the mentioned company and the theoretical book value came to 2,605 thousand euros. On 10 January 2006, the Group acquired the remaining 25% of the capital of said company, implying an increase in the goodwill.

- On 17 November 2003, the Group acquired 77.8625% of the capital of the dependent company Manufacturas Gre S.A. (of which it already possessed the remaining 22.1375%). As a result of such purchase, a contingent amount was established subject to certain conditions for the amount of 3,219 thousand euros, being retained by the Group until no later than 30 June 2007, subject to the achieving on the part of Manufacturas Gre of minimum total net results during the four financial years closed following the date of their acquisition. On 31

December 2005, the Group registered such liability on considering the materialisation of the contingent payment probable.

- On 2 February 2006, Fluidra acquired 80% of the capital of the company MTH-Moderne Wassertechnik AG.

- On 28 February 2006, the Group acquired 100% of the capital of the company SNTE water Group, S.A., with the consequent indirect acquisition of its dependent companies.

- On 30 March 2006, the Group acquired –through a capital increase- Neokem Group, S.A. and Cepex Holding, S.A. –as well as their respective dependent companies-.

- On 26 July 2006, the Group acquired 60% of the capital of the company ID Electrochemical, S.L. (Idegis).

- On 9 August 2006 the Group acquired 100% of the capital of the Australian company Astral Pool Australia PTY LTD –and dependent companies-, all located in Australia.

- On 11 October 2006, the Group acquired 67% of the capital of the company Comercial de Exclusivas Internacionales Blage, S.A.

All the transactions made during the financial period 2006 were recorded pursuant to the IFRS 3 "Business Combinations", with the exception of the acquisition of ADBE Cartera, S.A.. The aggregated breakdown of the combinations of business which took place in the year 2006, of the fair value of the net assets acquired and of goodwill was the following:

Cost of the combinations

Cash paid	24,474
Fair value of deferred payments	4,155
Directly attributable costs	737
Fair value of issued instruments	78,000
Total cost of the combinations	107,366
Fair value of net assets acquired	69,106
Goodwill	38,260

d) **Other intangible assets**

As a result of the business combinations for the year 2006, a series of intangible assets were identified. The net book value of the most relevant of the said intangible assets were the following, under EU-IFRS:

		Thousands of euros	
Description of Assets	**Reamining life span**	2006	2005
Clients Portfolio			
Cepex	4-8	9,081	-
Neokem	5-20	9,264	-
SNTE	3-6	1,462	-
Astral Pool Australia PTY LTD	6-7	3,553	-
Contractual relationships	5	776	-
TOTAL		**24,136**	-

Additionally, within the other intangible assets, the Fluidra Group has recorded:

- CTX trademark: the trademark is defined as the name and visual identity that enables Neokem to stand out from other competitors and position itself on the market. The trademark CTX was created in 1986 and, since then, it has been positioning itself on the market and is known for its good price-quality relationship. Said trademark is identified through the business combination and was valued at 2,227 thousand euros as on 31 December 2006, with an indefinite lifespan.

- Patents: this covers the amounts paid for all those rights which, through the creation or discovery of any intelligence or invention related to industry, the Fluidra Group might acquire. Typical items within intellectual property include, among others, patents of invention, trademarks or distinctive signs of production and commerce, protection certificates and trade names. As on 31 December 2006, their net book value came to 767 thousand euros. There have been no significant variations except the additions to the accounting requirements.

- Computer applications: this includes the amounts paid for the ownership or for the right to use computer programs, providing their use is envisaged over several financial years, as well as the costs incurred in the implementing and adaptation for the specific uses of various management applications, both financial and operational. On 31 December 2006, their net book value came to 1,046 thousand euros. There have been no significant variations except the additions to the accounting requirements.

- R&D costs: these comprise the costs incurred in the innovative activity of the Group in order to increase their scientific and technical knowledge for the launching of new products, both in the POOL division, where their leading position obliges them to develop new products to maintain their competitive advantage, and in the WATER division, where product innovation might give them a competitive advantage to differentiate them from other competitors. The Group only generates costs for R&D for those projects of whose technical and financial viability they are sure, and for which they have the technical and financial resources to technically develop and subsequently market the products in question. The costs of R&D generated during the year 2006 related to the development of a concept of a modular multi-purpose swimming pool to hold, in one single swimming pool, different types of swimming competitions, with the following characteristics: (a) the swimming pool must be raised and not damage the ground, (b) possibility of reinstalling the swimming pools after the championships, (c) use of the swimming pool for competition and synchronised swimming (first floating swimming pool with 3 metres' depth), and (d) adaptable to different locations and buildings. The amount generated was 1,000 thousand euros and corresponded to the development of the project and of the prototype. This technology will enable the improvement of the Skypool technology marketed on a public swimming pool / Wellness level.

Included in the intangible fixed assets for the years 2005 and 2004, according to PGC criteria, are the rights over financial lease assets, implying a net book value respectively of 9,729 and 11,108 thousand euros.

A grouping by accounts of the financial lease assets as on 31 December 2004 and 31 December 2005 was:

	PGC	
	31.12.05	**31.12.04**
Buildings	3,807	3,884
Technical equipment and machinery	7,155	7,029
Other equipment	152	933
Furniture	19	80
Data processing equipment	516	62
Moulds	1,926	883
Transport vehicles	579	437
Other fixed assets	82	1,241
Accumulated depreciation	(4,507)	(3,441)
Total Rights to assets under lease	**9,729**	**11,108**

e) **Non-current financial assets / Financial fixed assets**

The item "Non-current financial assets" of the consolidated balance sheet -according to EU-IFRS criteria - of Fluidra corresponded mainly to two concepts:

(a) Assets available for sale. These correspond mainly to perpetual debt titles listed on the secondary market accruing an interest rate of Euribor plus 3 percentage points. The balance as on 31 December 2006 and 31 December 2005 was of 2,312 thousand euros and 1,750 thousand euros, respectively.

(b) Constituted deposits and bonds. These correspond to the bonds deposited for the rent of network branches and the production centres not owned by the Fluidra Group (see chapter IV.8 of this Prospectus). As on 31 December 2006 and 31 December 2005, the balance was of 1,981 thousand euros and 1,315 thousand euros, respectively.

As a result of the business combinations of the year 2006, they were incorporated into the accounting requirements of the consolidation of non-current financial assets for the amount of 1,011 thousand euros.

Other permanent financial investments correspond mainly to perpetual debt titles listed on the secondary market accruing an interest rate of Euribor plus 3 percentage points.

f) **Other accounts receivable**

See section 20.1.2. D.3. below.

g) **Assets from deferred taxes**

The balance for this item of the consolidated balance sheet according to EU-IFRS criteria as on 31 December 2006 and 31 December 2005 corresponded to the taxes generated by the differences between the fiscal and accounts balance of each one of the companies comprising Fluidra pursuant to the following breakdown:

	Assets	
	2006	**2005**
R&D Expenses	-	152
Stock	3,075	2,135
Provisions	885	483
Start-up expenses	542	237
Other items	231	89
TOTAL	**4,733**	**3,096**

The assets from deferred taxes corresponded, basically, to differences in criteria of stock valuation (adjusting of consolidated stock margins), difference in fiscal-accounts treatment of certain provisions, basically of trade provisions and of stock and certain intangible assets (costs of establishment plus R&D).

B. **Current assets / Circulating assets**

B.1. Stock

The breakdown of this item is found in chapter IV.10 of this Prospectus.

The increase in stock which took place in the year 2006 responded to the business combinations which implied the incorporation of 41,407 thousand euros (7,980 thousand euros of raw materials and 33,427 thousand euros of finished products and products under manufacture).

If we isolate this effect, the progress of the stock falls within the normal activity of the Group.

The Fluidra Group makes an evaluation of the net realisable value and the obsolescence of the stock at the end of each financial year, registering the appropriate loss in value when the cost value is higher than its realisable net value. The Group has performed stock value corrections to adjust it to the net realisable value, for the amount of 2,650 thousand euros in the financial year 2006, 1,952 thousand euros in the financial year 2005 (both under EU-IFRS and PGC criteria) and 800 thousand euros in the financial year 2004. This is the consequence of the high level of innovation and substitutions of product ranges.

B.2. Trade debtors, assets from current taxes and other assets

The composition of these items was the following:

	EU-IFRS		PGC		Variation	
	2006	**2005**	**2005**	**2004**	**IRFS-EU 06-05**	**PGC 05-04**
Customers for sales and provision of services	136,735	80,106	80,106	71,327	71%	12%
Other accounts receivable and advanced payments / Other debtors and accruals and prepayments	7,075	4,202	4,202	3,957	68%	6%
Provisions for bad debts / Provisions for trade insolvencies	(11,695)	(8,098)	(8,098)	(6,050)	44%	34%
Public Administrations and Tax on current gains / Public Administrations	10,785	8,435	11,205	9,201	28%	22%

The percentage increase of the balance of clients between the years 2004 and 2005 was greater than the increase in sales. In the year 2006 the incorporation took place into the accounting requirements of the companies comprising the WATER division, which caused an increase of 71% between both financial years.

The balance of Public Authorities corresponded basically to the Tax Authorities as debtor for VAT, both national and foreign.

B.3. Other financial current assets, cash and other liquid assets

The items “Other financial current assets” and “Cash and other equivalent liquid resources”, in the balance sheets drawn up according to EU-IFRS, and “Cash” and “Temporary financial investments”, in the balance sheets drawn up according to PGC, include the cash surplus of the Fluidra Group at year end. The short-term securities portfolio corresponded mainly to treasury bonds and debentures and temporary acquisitions of assets with repurchasing agreements, with short-term maturity and which accrue a market interest rate. Due to the seasonal nature of the business of the Fluidra Group, these surpluses are necessary to finance the needs from April to June, when the needs for cash are high. For this, these assets are either identified with cash due to their short term or are classified as available for sale at the moment they are necessary.

In order to analyse the most significant variations, see section 20.1.4, which contains the cash flow status.

LIABILITIES

C. Net Worth

See chapter IV. 20.1.3 of this Prospectus.

D. Non-current Liabilities / Long-term Creditors

D.1. Financial liabilities with credit institutions / Debts with credit institutions

The "Financial liabilities with credit institutions" include loans with credit institutions and creditors through financial lease, the breakdown of which is the following:

	EU-IFRS		PGC		Variation	
Financial liabilities with credit institutions / Debts with credit institutions	**31.12.06**	**31.12.05**	**31.12.05**	**31.12.04**	**EU-IFRS 06-05**	**PGC 05-04**
Bank loans	86,667	55,611	55,892	44,944	56%	24%
Leasing creditors	15,150	4,212	4,621	5,628	260%	(18%)
Total	**101,817**	**59,823**	**60,513**	**50,572**	**70%**	**20%**

The Fluidra Group uses long-term loans to finance its material and financial investments. The most significant financial lease transactions were connected to property transactions. As on 31 December 2006 and 2005, the loans and credits accrued average market interest.

A breakdown of the most significant loans and financial leases appears in chapter IV. 10 of this Prospectus.

The increase between the year 2005 and 2006 was caused by the contribution of debt of the companies acquired during 2006, especially Cepex, Neokem -and dependent companies- and, in addition, by the new debt necessary for the financing of certain acquisitions made in 2006 (*inter alia*, the acquisitions of Astral Pool Australia PTY LTD-10,750 thousand euros- and SNTE -7,000 thousand euros-).

The increase from the year 2004 to the year 2005 was due basically to a restructuring of short- to long-term debt, as well as the new loans signed to meet the deferred payments of Manufacturas Gre (5,840 thousand euros).

D.2. Derivative financial instruments

Through financial instruments, the Group seeks mechanisms for coverage against two main risks:

(a) Exchange rate risk

The Group operates on an international level and, therefore, it is exposed to exchange rate risks through currency transactions, especially regarding the American dollar, pound sterling and Australian dollar. The risk from exchange rates arises from future commercial transactions, recognised assets and liabilities and net investments in business abroad. In order to control the risk from exchange rates, the treasury department of the Group manages the net position in each foreign currency through foreign currency instalment agreements.

The Group risk management policy is to cover through natural coverage (compensation for payments received and made) the risk in American dollars, covering with forward-type instruments the excess or deficiency. In the case of the pound sterling, all transactions are covered with the euro through forward-type instruments. With other currencies, no coverage instruments are used due to (i) their excessive cost (Turkish Lira), (ii) the scant fluctuation with the euro (Danish Krone), or (iii) due to their limited relevance to the Group. The Group possesses various investments in business aboard, whose net assets are exposed to the risk of foreign currency conversion. The exchange rate risk over the net assets of the transactions abroad of the Group in the United Kingdom, Australia and USA are handled, mainly, through borrowed capital denominated in the corresponding foreign currency.

Although the future currency purchase agreements the Group subscribes are for the financial coverage of the currency risks it incurs, it does not apply accountancy coverage for their registration, given the difficulty implied by compliance with the requisites established in the IAS 39 to prove their effectiveness.

(b) Interest rate risk

The risk of interest rate of the Group arises from long-term borrowed capital. The borrowed capital issued at variable rates exposes the Group to interest rate risk in respect of cash flows. The main loans of the Group are linked to market interest rates which are updated quarterly, every six months or annually.

The Group manages the interest rate risk in cash flows through swaps of variable to fixed interest rate with barriers. These interest rate swaps have the financial effect of converting the borrowed capital with variable interest rates into fixed interest. Generally, the Group obtains borrowed capital in the long-term with variable interest and swaps it for fixed interest, which are generally lower than those available if the Group had obtained the borrowed capital directly at fixed interest rates. Under the interest rate swap, the Group undertakes with other parties to exchange, at certain regular intervals –generally quarterly- the difference between fixed and variable interest, calculated in accordance with the main notional positions contracted.

A breakdown of the derivative financial instruments held for negotiating is the following:

Financial year 2006 (thousands of euros)		**Fair Values**			
	Importe nocional	**Assets**		**Liabilities**	
		Non current	**Current**	**Non current**	**Current**
Derivatives held for negotiation					
Fixed term foreign currency contracts	7.821	-	4	-	41

Interest rate swaps	96.281	423	-	607	7
Total purchased in non-organised markets		423	4	607	48

Financial year 2005 (thousands of euros)	**Importe nocional**	**Valores razonables**			
		Assets		**Liabilities**	
		Non current	**Current**	**Non current**	**Current**
Derivatives held for negotiation	-	-	-	-	-
Fixed term foreign currency contracts	7,043	-	18	-	-
Interest rate swaps	46,844	32	-	203	-
Total purchased in non-organised markets	-	32	18	203	-

The total amount of the variation in the estimated fair value, using valuation techniques, was recognised in the results, implying a negative result of 122 thousand euros.

In 2004, the hedging of interest rate and exchange rate risks were not significant and amounted to a notional value of 5,760 and 7,451 thousands of euros, respectively.

D.3. Liabilities due to deferred taxes

The balance in the consolidated balance sheet EU-IFRS as on 31 December 2006 and 2005 corresponded to the recognition of the liabilities due to deferred taxes, which were generated from the differences between the fiscal and accounts balance of each one of the companies comprising the Fluidra Group, pursuant to the following breakdown:

	Pasivos	
	2006	**2005**
Leases	1,779	1121
Tangible fixed assets and Real Estate investments	8,022	-
Implantación empresas en extranjero	1,101	-
Deferral of capital gain for the incorporation of Cepex, Neokem and ADBE Portfolio	7,790	-
Exchange rate differences	231	142
Clients Portfolio	7,087	-
Trademarks	662	-
Contractual relationships	240	-
Stock	1,008	962
Other items	2,935	180

TOTAL	30,855	2,405

The deferred taxes included in the section on tangible fixed assets, client portfolio, trademarks and contractual relationships came mainly from the tax effect of the fair value valuation of the assets acquired through business combinations which took place in the year 2006.

As on 31 December 2006 the approval should be mentioned of Law of 35/2006, of 28 November, on Personal Income Tax and the partial amendment of the laws on Corporation Tax, on the income of non-residents and on wealth, which establishes, among others aspects, the reduction during two years of the general rate of the Corporation Tax, which until 31 December 2006 was at 35%. For this reason, in the financial year 2006 the Group recalculated, taking into account the financial year in which the corresponding reversion would presumably take place, the amount of the deferred taxes assets and liabilities.

On 30 March 2006 the Company carried out a capital increase through a non-monetary contribution of shares under the special tax regime established in title VII, chapter VIII, of Royal Legislative Decree 4/2004 of 5 March, approving the Redrafted Text of the Corporation Tax Act.

Initially, the shareholders who contributed titles in the mentioned transaction took up said tax exemption, thus transferring the undertaking with the Tax Authorities –which came to 7,790 thousand euros- for the corresponding deferred tax to the Company. Nevertheless, on 31 March 2006 said shareholders signed a reimbursement undertaking to the Company for the entirety of the amount falling under said exemption, which will be demandable by the Company to the shareholders in the event the corresponding shares were disposed of by the Company or the corresponding tax liquidated directly by the contributing shareholders, in the event they dispose totally or partially of the shares received in consideration for said contribution, Therefore, the Company had recorded, as on 31 December 2006, a long-term deferred tax and a long-term account receivable, both for the mentioned amount.

The balance recorded in 2004 for short-term deferred profit tax was 1,256 thousands of euros, which account for the differences between the tax and accounting balance sheets of each of the companies that make up the group, and which correspond basically to leases and stock.

D.4. Provisions

The balance of this item of the consolidated balance sheet shows the following breakdown of provisions:

	EU-IFRS	PGC	Variation

Provisions	31.12.06	31.12.05	31.12.05	31.12.04	EU-IFRS 06-05	PGC 05-04
Tax provisions	1,769	147	147	147	-	-
Provisions for commitments with the employees	1,280	1,016	1,016	473	26%	115%
Litigations and other liabilities	1,237	1,375	1,375	1,201	(10%)	14%
Total	**4,286**	**2,538**	**2,538**	**1,821**	**69%**	**39%**

D.5. Other non-current liabilities

This entry contains (i) in respect of the years 2004 and 2005, basically deferred payments for investments made in the purchase of companies, relating mainly to Manufacturas Gre, and (ii) in respect of the year 2006, the liabilities for sale options held by the retail members of the acquisition of MTH-Moderne Wassertechnik AG.

This entry in the balance sheets of 2004 and 2005 according to PGC criteria corresponded to the grouping of debts for purchases of fixed assets and other debts.

E. Current liabilities / Short-term creditors

E.1. Financial liabilities with credit institutions / Debts with credit institutions

This item includes the short-term maturity of the loans devoted to financing the tangible and intangible investments and, in addition, the permanent and sporadic financing of circulating capital.

Due to the seasonal nature of the sales of the Fluidra Group, there exists a great difference in financial needs depending on the month, the months of greatest need being April to June. For this reason, on closing date there exists a great difference between the limits of the credit and discount lines and the provisions of the same.

The breakdown of said liabilities is found described in chapter IV.10 of this Prospectus.

The increase in debts with short-term credit institutions which occurred in the year 2005 was due basically to the reclassification of the long-term loans by the party which will mature in the year 2006. The sum of the bank credits and discount lines remain stable. In the year 2006, the current indebtedness was recorded of the acquisitions of companies made, the most significant increase being the incorporation of the companies Cepex, Neokem and SNTE, comprising the WATER division. Isolating the effect of the financial liabilities of these three companies –and their dependent companies-, the increase in the financial liabilities with credit institutions would have been 6.8 %.

E.2. Commercial creditors, liabilities from capital gains tax and other accounts due

In order to group together the financial information as comparatively as possible between EU-IFRS criteria of 2006 and 2005 and PGC 2005 and 2004, the entries corresponding to public authorities and liabilities from taxes on current gains have been grouped into EU-IFRS. In turn, other debts and accrual accounts have been grouped into PGC.

	EU-IFRS		PGC	PGC	Variation	
	2006	**2005**	**2005**	**2004**	**EU-IFRS 06-05**	**PGC 05-04**
Debts for purchases and provision of services	79,088	50,351	50,351	58,387	57%	(14%)
Other debts / Accruals and prepayments + Other debts	6,398	2,068	2,068	2,507	209%	(18%)
Fixed assets suppliers	9,129	7,101	7,101	7,306	29%	(3%)
Public Administrations + Capital gains tax / Public Administrations	12,403	10,945	12,443	11,232	13%	11%
Outstanding remunerations	6,365	4,058	4,058	3,881	57%	5%

The debts for purchasing and provision of services fell between the years 2004 and 2005, basically due to the reduction in the payment instalments to suppliers, and during the year 2006 the increase of 57% was due largely to the integration of the WATER division into the Fluidra Group.

Suppliers of fixed assets includes pending payment entries for tangible fixed assets as well as short-term pending payment entries for deferred payments for the acquisitions made (basically, Manufacturas Gre), the balance of which as on 31 December 2006 was 3,424 thousand euros.

Included in public authorities are the balances due for VAT, for withholdings carried out and payments pending to Social Security bodies. Additionally, in the balance sheets of 2005 and 2004 -according to criteria PGC- the capital gains tax due payment is also included.

E.3. Provisions

This item includes the provisions of guarantees that the Fluidra Group -as manufacturer- must give to its clients.

E.4. Derivative financial instruments

See section 20.1.2 D.2. of this Prospectus.

20.1.3. <u>Changes in statements in the net worth and net equity movements</u>

(a) <u>Changes in statements in Net Worth corresponding to the annual financial years closed on 31 December 2006 and 2005 according to EU-IFRS criteria</u>

Assets attributed to holders of instruments of Net Worth of the parent Company

						Recognised income and costs				Total
	Capital	Issue premium	Legal reserve	Accumulated Gains	Dividend on account	Differences conversion	Other	Total	Retail interests	net worth
Balance as on 1 January 2005	**90,303**	**35,547**	**553**	**40,290**	**(4,497)**	**(648)**	**55**	**161,603**	**3,866**	**165,469**
Net results recognised directly in assets	-	-	-	-	-	-	-	-	-	-
Result of the financial year	-	-	-	26,347	-	-	-	26,347	966	27,313
Total recognised income and costs in the financial year	**-**	**-**	**-**	**26,347**	**-**	**-**	**-**	**26,347**	**966**	**27,313**
Differences of conversion of business abroad	-	-	-	-	-	898	-	898	178	1,076
Other	-	-	681	(572)	-	-	-	109	(95)	14
Transfer dividend on account	-	-	-	(4,497)	4,497	-	-	-	-	-
Dividend	-	-	-	-	(6,150)	-	-	(6,150)	(197)	(6,347)
Balance as on 31 December 2005	**90,303**	**35,547**	**1,234**	**61,568**	**(6,150)**	**250**	**55**	**182,807**	**4,718**	**187,525**
Net results recognised directly in assets	-	-	-	-	-	-	43	43	-	43
Result of the financial year	-	-	-	27,473	-	-	-	27,473	986	28,459
Total recognised income and costs in the financial year	**-**	**-**	**-**	**27,473**	**-**	**-**	**43**	**27,516**	**986**	**28,502**
Capital increase	22,326	57,284	-	-	-	-	-	79,610	-	79,610
Differences of conversion of business abroad	-	-	-	-	-	(421)	-	(421)	(147)	(568)
Other	-	-	694	(694)	-	-	-	-	1,191	1,191
Transfer dividend on account	-	-	-	(6,150)	6,150	-	-	-	-	-
Dividend	-	-	-	-	(6,500)	-	-	(6,500)	(767)	(7,267)
Balance as on 31 December 2006	**112,629**	**92,831**	**1,928**	**82,197**	**(6,500)**	**(171)**	**98**	**283,012**	**5,981**	**288,993**

The main movements occurring in the accounts of Net Worth during the financial years 2006 and 2005 were the following:

(i) Incorporation of the result of the 2005 and 2006 for the amount of 26,347 and 27,473 thousand euros respectively.

(ii) Distribution of dividends on account for 2005 and 2006 for the amount of 6,150 and 6,500 thousand euros, respectively.

(b) Movement of Net Equity for the annual financial years closed on 31 December 2005 and 2004 according to PGC

	Subscribed capital	Issue premium	Parent company reserves	Companies consolidated by equity method	Reserves of consolidated companies through full and proportional integration	Conversion differences	Income for the year	Interim dividend	Total
Balances on 1 January 2004	**90,303**	**35,547**	**689**	**-**	**11,439**	**(872)**	**12,532**	**(4,387)**	**145,251**
Application of the income for 2003	-	-	(4,460)	-	12,605	-	(12,532)	4,387	-
Interim dividends in 2003	-	-	7,635	-	(7,635)	-	-	-	-
Internal dividends	-	-	9,031	-	(9,031)	-	-	-	-
Conversion differences	-	-	-	-	-	268	-	-	268
Inflation update	-	-	-	-	45	-	-	-	45
Transfer of reserves	-	-	-	(154)	154	-	-	-	-
Interim dividend delivered in the year	-	-	-	-	-	-	-	(4,497)	(4,497)
Profits for the year according to attached account	-	-	-	-	-	-	20,316		20,316
Balances on 31 December	**90,303**	**35,547**	**12,895**	**(154)**	**7,577**	**(604)**	**20,316**	**(4,497)**	**161,383**

2004									
2004 income distribution			(5,950)	(107)	21,876		(20,316)	4,497	
Internal dividends			270	(25)	(245)				
Conversion differences						792			792
Transfer of reserves				212	(212)				
Interim dividend delivered in the year								(6,150)	(6,150)
Deregistration of Companies and Others				(3)	112				109
Income for 2005							20,794		20,794
Balances on 31 December 2005	**90,303**	**35,547**	**7,215**	**(77)**	**29,108**	**188**	**20,794**	**(6,150)**	**176,928**

A.1. Interests of external members

Detail of external members

Balance at 31/12/2003	**3,024**
Profit-sharing	912
Dividends	(558)
Companies added	473
Exchange differences	5
Other	10
Balance at 31/12/2004	**3,866**
Profit-sharing	966
Dividends	(197)
Companies added	65
Exchange differences	(143)
Other	178
Profit-sharing	(17)
Balance at 31/12/2005	**4,718**

The movement for the year 2005 -according to PGC- was the following:

The main variations taking place in net equity according to PGC during 2004 and 2005 were the following:

(i) Incorporation of the results of 2004 and 2005 for the amount of 20,316 thousand euros and 20,794 thousand euros, respectively

(ii) Distribution of dividends on account in the 2004 and 2005 periods of 4,497 and 6,150, respectively

20.1.4. Cash flow statements

(a) Consolidated cash flow statements at 31 December 2005 and 2006, according to EU-IFRS

	2006	2005
Cash flows of operating activities		
Pre-tax profit for the financial year	39,712	39,098
Adjustments for:		
Amortisations	23,134	12.522
Provision of losses due to insolvencies	3,236	2.775
Provision/(Reversion) of losses due to deterioration in value of assets	72	2
Provision/(Reversion) of losses due to risks and costs	1,739	785
Provision/(Reversion) of losses due to stock	2,650	1.952
Income of financial assets	(1,743)	(863)
Financial costs	9,933	5.397
Participation in the results of affiliates	77	76
(Profit)/losses in the sale of tangible fixed assets	83	(20)
Attributing of official subsidies to results	(5)	(109)
(Profit)/Loss from derivative financial instruments at fair value with changes to results	122	93
Profit from operations prior to changes in circulating capital	79.010	61.708
Variations in circulating capital, excluding the effect of acquisitions and differences of conversion		
Increase/Reduction in clients and other accounts receivable	9,350	(10.607)
Increase/Reduction in stock	(3,061)	(4.570)
Increase/Reduction in commercial creditors and other accounts due	(11,421)	(11.245)
Payment of provisions	(66)	-
Cash generated from transactions	73,812	35.286
Interest paid	(8,026)	(4,552)
Capital gains tax paid	(14,926)	(12,967)
Net cash generated by operating activities	50,866	17.767
Cash flow from investment activities		
From sale of tangible fixed assets	2,919	922
From sale of other intangible assets	-	35
From sale of financial investments	2,575	1,901
Dividends received	4	25
Differences of conversion	(694)	388
Acquisition of tangible fixed assets	(21,986)	(15,057)
Acquisition of intangible assets	(2,549)	(752)
Acquisition of other financial assets	(3,901)	(3,016)

	2006	2005
Acquisition of dependent entities, net of cash and equivalents	(19,964)	(1,683)
Net cash generated by investment activities	(43,596)	(17.237)
Cash flow from financial activities		
From bank financing	52,418	30,590
Reimbursement of liabilities with interest	(39,645)	(12,700)
Payment of financial lease liabilities	(4,654)	(2,587)
Dividends paid	(7,267)	(6,347)
Net cash generated by financial activities	852	8.956
Increase (Reduction) net of cash and cash equivalents	8,122	9,486
Cash and cash equivalents as on 1 January	46,022	36,319
Effect of the exchange rate differences on cash	203	217
Cash and cash equivalents as on 31 December	54,347	46,022

- **Cash flows of operating activities:**

The cash flows generated by the operating activities came to an amount of 50,866 thousand euros in 2006 and 17,767 thousand euros in 2005.

Within these cash flows, it is worth pointing out that in 2005 the cash flows generated by the operating profit -before circulating capital- came to 61,708 thousand euros and the increase in circulating capital implied a reduction of 26,422, the cash flow after interest and capital gains tax coming to 17,767 thousand euros.

This trend varies in the financial year 2006, in which the cash flows generated by the operating profit before circulating capital came to 79,010 thousand euros and the increase in the circulating capital only caused a reduction in cash of 5,198 thousand euros, obtaining an additional 30,099 thousand euros in the financial year 2006.

- **Cash flows of investment activities:**

In this case the level of investments made in 2005 and 2006 caused a reduction in the cash flow of 17,237 and 43,596 thousand euros respectively.

For further details of the investments made both in fixed assets as well as in acquisitions of companies, consult chapter IV 5.2 of this Prospectus.

- **Cash flows of financial activities:**

The progress of the cash flow of financial activities involved a positive impact due to greater bank financing of 8,956 thousand euros in 2005 and 852 thousand euros in the year 2006.

In the year 2005, the balance between the cash flow coming from the greater bank financing and reimbursement of the liabilities with interest and the financial lease liabilities was 15,303 thousand euros, whereas the same balance in 2006 was 8,119 thousand euros. It is worth mentioning the increase in bank financing during the year 2006 for the amount of 52,418 thousand euros basically due to the loans for the acquisition of new companies, details of the most significant of which are shown in section 10.3. This increase was compensated by the reduction of short-term debt both from the reimbursement of the long-term loans for the acquisitions made in the years 2004 and 2003, as well as by the improved behaviour of the circulating capital.

(b) Consolidated Cash Flow Statements of the financial years ending on 31 December 2004 and 2005 according to the PGC

	2005		2004
Cash flow of regular activities			
Profits in the year before tax	32,430		31,462
Adjustments due to:			
Amortisations	20,081		17,986
Allocation/(Reversal) of losses due to insolvency	2,775		1,971
Allocation/(Reversal) of losses due drop fixed asset value	2		-
Allocation to (reversal of) net provision for liabilities and charges	785		873
Allocation/(Reversal) of stock losses	1,952		705
Financial revenues	(1,061)		(938)
Financial expenses	5,500		5,572
Equity share in the income of companies consolidated by the equity method	76		107
Losses/(profits) on the sale of tangible fixed assets	(20)		(39)
Capital subsidies transferred to current earnings	(109)		(45)
Operating profits before changes in the working capital	62,411		57,654
Increase/Decrease in clients and other payable accounts	(10,662)		(13,393)
Increase/Decrease in stock	(4,563)		(16,670)
Increase/Decrease in trade debtors and other payable accounts	(10,183)		10,772
Payment of provisions	-		-
Cash generated by operations	37,003		38,363
Paid interest	(4,552)		(4,248)
Paid capital gains tax	(12,967)		(5,064)
Net cash generated by regular activities	19,484		29,051

Cash flow of investment activities			
From the sale of tangible fixed assets	326		1,783
From the sale of intangible fixed assets	192		-
From the sale of financial investments	165		287
Dividend payments received	25		17
Conversion differences	560		334
Purchase of tangible fixed assets	(15,577)		(12,156)
Purchase of intangible fixed assets	(1,972)		(2,627)
Purchase of financial investments	(989)		(1,257)
Acquisition of dependent companies, cash and cash equivalents net price	(1,683)		(1,081)
Net cash generated by/applied to investment activities	(18,953)		(14,700)
Cash flow of financial activities			
From subsidies	-		93
From bank financing	30,590		29,539
Reimbursement of liabilities with interest	(12,700)		(25,331)
Payment of financial lease liabilities	(2,587)		(2,824)
Paid dividends	(6,347)		(5,055)
Net cash generated by financial activities	8,956		(3,578)
Increase (decrease) in net cash and cash equivalents	9,487		10,773
Cash and cash equivalents on 1 January (*)	36,318		25,535
Effect of differences in exchange rates on cash (*)	217		10
Cash and cash equivalents on 31 December	46,022		36,318

(*) Includes temporary financial investments of less than 3 months.

- **Cash flows of operating activities:**

The cash flows resulting from regular operating activities amounted to 19,484 thousand euros in 2005 and 29,051 thousand euros in 2004.

Within in these flows, its should be highlighted that the flows generated in 2004 by operating profits—before working capital—amounted to 57,654 thousand euros and the increase of the working capital brought about a decrease of 19,219 thousand euros. The cash flow, after interest and capital gains tax, amounted to 29,051 thousand euros.

This trend continued in the 2005 financial year, during which the flows generated by operating profits before working capital amounted to 62,411 thousand euros. The increase of working capital resulted in a fall in cash flow to 25,508 thousand euros, which was greater than in 2004 due to a reduction in the average payment period from 80 to 64 days, as described in section 10.2. This resulted in a net cash flow for operating activities that was 9,567 thousand euros less than that obtained in the 2004 financial year.

- **Cash flow of investment activities:**

In this case, the level of investments made in 2004 and 2005 caused a reduction in the cash flow of 14,700 and 18,953 thousand euros, respectively. The most significant variation was the purchase of tangible fixed assets in 2005.

For further details of the investments made both in fixed assets and in acquisitions of companies, see chapter IV 5.2 of this Prospectus.

- **Cash flows of financial activities:**

The progress of the cash flow of financial activities had a positive impact due to greater bank financing of 8,956 thousand euros in 2005, while there was a negative impact of 3,578 thousand euros in 2004. The effect of more cash that was generated in 2004 as a result of regular activities brought about a greater reimbursement of liabilities with interest.

The increase in bank financing in 2005 was not significant.

20.1.5. Effects of the transition to the EU-IFRS

During the preparation of the opening balance in accordance with the EU-IFRS, the Group adjusted the balance sheet amounts dated 1 January 2005 that were presented in the Group's consolidated annual accounts for this year. As described in EU-IFRS 1, it applied all of the compulsory exceptions and some of the operating exemptions to the retroactive application of the IFRS as described below:

(a) Exemptions to the retroactive application

The Group opted to apply exemptions to the total retroactive application of the EU-IRFS that are listed below:

- Business combinations.

  The Group applied the exemption described in IFRS 1 for business combinations. Therefore, it has not re-expressed the business combinations that took place before the transition date of 1 January 2005.

- Staff salaries.

The Group opted to recognise all actuarial gains and losses that had been accumulated on 1 January 2005.

- Designation of financial assets and financial liabilities.

  The Group reclassified various titles and investments available for sale.

(b) Exceptions to the retroactive application adopted by the Group

The Group applied the following compulsory exceptions to the retroactive application of the EU-IFRS:

- Estimations

  The estimations under the EU-IFRS of 1 January 2005 are coherent with the estimations made on that same date in accordance with the generally accepted accounting standards in Spain, as laid down in the *Plan General Contable* (“**PGC**”).

(c) Reconciliation between the EU-IFRS and the PGC

Below is a reconciliation of the amounts of the consolidated net assets on 1 January 2005, which was the EU-IFRS transition date, on 31 December 2005 and 31 December 2006. Information is likewise given about the reconciliation corresponding to the consolidated income for the 2005 and 2006 financial years. The changes resulting from the amended assessment criteria and accounting policies are considered as adjustments, whilst the changes resulting from the new format for presenting financial statements are considered to be reclassifications.

The reconciliation on 1 January and 31 December 2005, and on 31 December 2006 of the consolidated net assets according to the PGC with the consolidated net assets as a result of applying the EU-IFRS is as follows:

Figures in thousands of euros	**01/01/2005**	**31/12/2005**	**31/12/2006**
Assets according to annual accounts and the PGC	161,383	176,928	271,517
Adjustments to conversion reserves in the IFRS	219	5,879	11,495
Goodwill amortisation reversal and conversion differences	(44)	6,482	15,293
Different stock assessment criteria	645	638	708
Positive exchange rate differences	151	405	561
Amortisation reversal of elements with indefinite useful life	-	-	84
Financial assets at a reasonable value with changes in reserves	81	82	144
Settlement of research and development expenditure	(166)	(433)	68
Activation of pending deductions	963	8	38
Registration of financial instruments	(78)	(153)	(193)

Settlement of start-up expenses	(994)	(677)	(998)
Adjustments related to purchase price allocation in business combinations	-	-	(3,700)
Other	89	116	186
Tax effects on the adjustments implemented	(428)	(589)	(696)
Assets according to EU-IFRS financial statements	**161,602**	**182,807**	**283,012**

The reconciliation of the consolidated income presented according to the PGC for the 2005 and 2006 financial years with the income statement according to the EU-IFRS is as follows:

Figures in thousands of euros (net of their tax effect)	**31/12/2005**	**31/12/2006**
Profits attributable to the Parent Company according to PGC annual accounts	20,794	21,850
Goodwill amortisation reversal	6,420	8,861
Effect of changes in the tax rate in the allocation of purchase prices in business combinations	-	1,087
Settlement of research and development expenditure	(173)	326
Positive exchange rate differences	165	101
Activation of pending deductions	(956)	31
Registration of financial instruments	(49)	(26)
Settlement of start-up expenses	206	(209)
Related adjustments with tax effects	(73)	(2,320)
Adjustments related to the allocation of the acquisition price in business combinations	-	(2,420)
Other	13	192
Profits attributable to holders of net asset instruments of the parent Company according to the EU-IFRS Financial Statements	26,347	27,473

The most significant differences in the net assets on 1 January 2005, 31 December 2005 and 31 December 2006, and in the income for the 2005 and 2006 financial years as a result of applying the IFRS were as follows:

(i) Settlement of start-up expenses

Start-up expenses do not fall within the definition of assets according to the EU-IRFS. The Group has therefore settled them against accumulated gains on the transition date. As of this date, they have been entered on the profit and loss statement whenever they have been incurred.

(ii) Goodwill amortisation reversal

Goodwill is not amortised under the EU-IFRS, as a result of which there has been a reversal of the recorded amortisation under the PGC since the transition date.

(iii) Recognition of intangible assets in business combinations.

The intangible assets recognised in business combinations that correspond to client portfolios and favourable commercial relations in accordance with EU-IFRS 3 are items that are still considered as goodwill in accordance with the PGC. As they are not recognised in the annual accounts, their amortisation in accordance with the EU-IFRS results in a difference between the two financial statements.

(iv) Settlement of research and development expenditure

Expenditure on research and development that does not comply with the requirements laid down in IFRS 38 have been settled against accumulated gains on the transition date. As of this date, they have been entered on the profit and loss statement whenever they have been incurred and do not comply with the aforementioned accounting standards.

(v) Recognition of financial derivatives at their reasonable value

In accordance with IFRS 39, financial derivatives have been included on the transition balance sheet at their reasonable value. As of this date, variations in the reasonable value will be recorded in the income statement. In the annual consolidated accounts, these derivates will be considered to be under cover and, therefore, will not be recorded until their effective payment and will be entered on the income statement when they have been covered.

(vi) Unrealised exchange rate differences

Unrealised exchange rate gains corresponding to the amounts payable and receivable in foreign currencies are deferred on the date the consolidated balance sheet is presented in accordance with the PGC in Spain. According to IFRS 21, all exchange rate differences generated by these balances are recognised in the income statement.

20.2. Pro forma financial information

See Chapter V of this Prospectus.

20.3. Financial statements

Not applicable. This document includes consolidated financial information on the Issuer.

20.4. Auditing of historical annual financial information

20.4.1. Auditing of historical annual financial information

The financial information included in this section refers to (i) the Group's consolidated annual accounts in respect of the financial years ended 31 December 2004 and 2005, prepared in accordance with the PGC and (ii) the Group's consolidated financial statements in respect of the financial years ended 31 December 2006 and 2005, prepared in accordance with EU-IFRS. The aforementioned consolidated annual accounts and financial statements, and accompanying explanatory notes, have been audited by KPMG Auditores, S.L.

All of the above-mentioned reports include an unqualified opinion and a paragraph indicating that the financial statements of some foreign companies have been audited by other auditors and that the opinion of the auditors of the Issuer and its dependant companies is based on the report of such other auditors as far as these companies are concerned.

20.4.2. Indication of other information in the registration document which has been audited by the auditors

Not applicable.

20.4.3. Source of the data that is not extracted from the Issuer's audited financial statements

Following the acquisition of the WATER division business on 28 February and 30 March 2006, the financial statements for the financial year 2006 include only ten and nine months, respectively, in relation to said business. In order to show a complete financial year, pro forma consolidated financial statements as at 31 December 2006 have been included. Said pro forma financial statements have been prepared on the basis of the above-mentioned scenarios and in accordance with EU-IFRS. KPMG Auditores, S.L. has issued a special report on the aforementioned pro forma financial information.

Additionally, condensed consolidated financial statements for the interim periods ended 30 June 2007 and 2006are included. These financial statements have been prepared in accordance with EU-IFRS and have been the subject of a limited review by KPMG Auditores, S.L. Additionally, proforma consolidated financial statements at 30 June 2006 are also included. These pro forma financial statements have been prepared in accordance with the commented hypotheses and on the basis of the condensed consolidated financial statements for the period ended 30 June 2006. KPMG Auditores, S.L. has issued a special report on the said pro forma financial information.

20.4.4. Source of the data that is not extracted from the Issuer's audited financial statements

The data and the general information contained in this Prospectus are extracted from the internal management accounts of the Fluidra Group, except for data extracted from (i) the consolidated financial statements and consolidated annual accounts that are the subject of the audit reports mentioned in Chapter IV. 20.4.1-, (ii) the pro forma condensed consolidated interim financial information and consolidated interim financial statements mentioned in Chapter IV 20.4.2, and (iii) other expressly mentioned sources.

20.5. Age of latest financial information. The last year of audited financial statements may not be older than one of the following: (i) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document, and (ii) 15 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document

Given that this Prospectus includes audited financial information in respect of the financial year ended 31 December 2006, and that therefore the audited financial information is not dated more than 18 months after the date of registration of the Prospectus, the requirement set out in section (i) above is satisfied.

Moreover, given that this Prospectus includes unaudited condensed consolidated interim financial statements in respect of the half year ended 30 June 2007, and that therefore the unaudited interim financial statements are not dated more than 15 months after the date of registration of the Prospectus, the requirement set out in section (ii) above is also satisfied.

20.6. Interim and other financial information

20.6.1. If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.

In order to analyse changes in the interim year end at 30 June 2007, it is necessary to consider that the comparative interim year end at 30 June 2006 only includes two and three months of activity of the WATER segment.

The following chapter Includes condensed consolidated interim profit and loss accounts, consolidated balance sheets, consolidated interim cash flow statements and consolidated statements of changes in the equity of the Company and subsidiary undertakings, prepared in accordance with IAS 34, in respect of the half years ended 30 June 2007 and 2006, which have been the subject of a limited review by the auditors of the parent company. The corresponding limited review report is registered with the CNMV's official registers (www.cnmv.es) and may be viewed on Fluidra's website.

a) Consolidated balance sheets as at 30 June 2007 comparative with 30 June 2006 and 31 December 2006

Assets	30/06/2007	30/06/2006	31/12/2006	% change 07-06 (1)	% change 07-06 (2)
Tangible assets	148,384	140,226	142,915	6%	4%
Investment property	2,401	4,499	4,466	(47%)	(46%)
Goodwill	142,753	116,539	128,802	22%	11%
Other intangible assets	35,606	26,635	29,230	34%	22%
Investments accounted for using the equity method	128	52	68	146%	88%
Non-current financial assets	5,077	3,992	5,348	27%	(5%)
Other accounts receivable	7,790	7,790	7,790	-	-
Deferred tax assets	4,736	1,825	4,733	160%	-

Total non-current assets	346,875	301,558	323,352	15%	7%
Stocks	160,520	126,316	136,441	27%	18%
Trade debtors and other accounts receivable	308,030	256,684	142,900	20%	116%
Current tax assets	-	-	857	-	(100%)
Other current financial assets	8,126	4,396	3,055	85%	166%
Cash and cash equivalents	34,507	38,251	54,347	(10%)	(37%)
Total current assets	511,183	425,647	337,600	20%	51%
TOTAL ASSETS	858,058	727,205	660,952	18%	30%
Net Assets					
Share capital	112,629	112,629	112,629	-	-
Share premium account	92,831	92,831	92,831	-	-
Accumulated income	100,394	81,062	84,125	24%	19%
Recognised income and expenses	360	(480)	(73)	(175%)	(593%)
Interim dividends paid in the financial year	-	(6,500)	(6,500)	(100%)	(100%)
Equity attributable to equity holders of the parent company	306,214	279,542	283,012	10%	8%
Retail interest	7,353	5,305	5,981	39%	23%
Total net assets	313,567	284,847	288,993	10%	9%
Liabilities					
Amounts owed to financial institutions	124,487	99,486	101,817	25%	22%
Derivative financial instruments	532	600	607	(11%)	(12%)
Deferred tax liabilities	33,850	26,389	30,855	28%	10%
Provisions	5,446	3,269	4,286	67%	27%

Official subsidies	244	210	202	16%	21%
Other non-current liabilities	5,453	1,376	1,570	296%	247%
Total non-current liabilities	170,012	131,330	139,337	29%	22%
Amounts owed to financial institutions	172,296	138,351	117,574	25%	47%
Trade creditors and other accounts payable	186,322	154,608	111,174	21%	68%
Current tax liabilities	14,927	17,492	3,073	(15%)	386%
Provisions	892	328	753	172%	18%
Derivative financial instruments	42	249	48	(83%)	(13%)
Total current liabilities	374,479	311,028	232,622	20%	61%
TOTAL NET ASSETS AND LIABILITIES	858,058	727,205	660,952	18%	30%

(1) This represents the percentage change in the consolidated balance sheet as at 30 June 2007 in relation to that of 31 December 2006.

(2) This represents the percentage change in the consolidated balance sheet as at 30 June 2007 in relation to that of 30 June 2006.

b) Condensed consolidated interim profit and loss account in respect of the half years ended 30 June 2007 and 2006

	30/06/2007	% of Sales	30/06/2006	% of Sales	Change 06-07
Operating income					
Sale of goods and finished products	390,457	100%	301,072	100%	30%
Income from services provided	6,338	2%	3,658	1%	73%
Other income	3,728	1%	1,385	-	169%
Total operating income	400,523	103%	306,115	102%	31%
Operating expenses					

Change in stocks of finished goods and work in progress					
and supplies of raw materials	(197,840)	(51%)	(156,524)	(52%)	26%
Personnel expenses	(59,269)	(15%)	(45,742)	(15%)	30%
Depreciation expenses	(14,505)	(4%)	(10,117)	(3%)	43%
Other operating expenses	(67,842)	(17%)	(49,208)	(16%)	38%
Other expenses	(3,942)	(1%)	(1,381)	-	185%
Total operating expenses	(343,398)	(88%)	(262,972)	(87%)	31%
Operating profit	**57,125**	**15%**	**43,143**	**14%**	**32%**
Financial income / expenses					
Financial income	1,570	-	638	-	146%
Financial expenses	(7,155)	(2%)	(4,812)	(2%)	49%
Exchange differences	(325)	-	(901)	-	(64%)
Net financial results	**(5,910)**	(2%)	**(5,075)**	(2%)	16%
Share in profit / (loss) for the year of companies accounted for using the equity method	(52)	-	(47)	-	11%
Profit before tax	**51,163**	**13%**	**38,021**	**13%**	**35%**
Income tax charge	(15,933)	(4%)	(12,987)	(4%)	23%
Profit after tax	35,230	9%	25,034	8%	41%
Profit / (loss) attributable to minority interests	(1,571)	-	(624)	-	152%
Profit / (loss) attributable to equity holders of the parent company	**33,659**	**9%**	**24,410**	**8%**	**38%**
EBITDA	**71,792**	**18%**	**53,209**	**18%**	**35%**

c) Consolidated statement of changes in equity for the half year ended 30 June 2007

	Assets attributable to the equity holders of the Parent Company									
						Revenue and expenses recognised				Total
	Share Capital	Share premium	Legal reserve	Accumulated income	Interim dividends	Exchange Differences	Other	Total	Minority Interest	Net Assets
Balance at 1 January 2007	**112,629**	**92,831**	**1,928**	**82,197**	**(6,500)**	**(171)**	**98**	**283,012**	**5,981**	**288,993**
Net results recognised directly in assets	-	-	-	-	-	-	(98)	(98)	-	(98)
Result for the year	-	-	-	33,659	-	-	-	33,659	1,571	35,230
Total income and expenses recognised in the year	**-**	**-**	**-**	**33,659**	**-**	**-**	**(98)**	**33,561**	**1,571**	**35,132**
Exchange differences from overseas businesses	-	-	-	-	-	531	-	531	27	558
Other	-	-	5,516	(5,406)	-	-	-	110	245	355
Transfer interim dividends	-	-	-	(6,500)	6,500	-	-	-	-	-
Dividends	-	-	-	(11,000)	-	-	-	(11,000)	(471)	(11,471)
Balance at 30 June 2007	**112,629**	**92,831**	**7,444**	**92,950**	**-**	**360**	**-**	**306,214**	**7,353**	**313,567**

d) Consolidated interim statement of cash flows in respect of the half years ended 30 June 2007 and 2006 according to EU-IFRS

	30/06/2007	30/06/2006
Cash flows from operating activities		
Profit for the year before tax	51,164	38,021
Adjustments in respect of:		
Depreciation	14,505	10,117
Provision for losses from bad debts	1,657	1,065
Provision/(Reversion) for losses due to decline in value of assets	-	85
Provision/(Reversion) for losses from risks and charges	1,066	412
Provision/(Reversion) for losses from stocks	1,611	1,049
Income from finance assets	(1,212)	(375)
Finance costs	7,155	4,113
Share in profits from associated companies	52	47
(Profit)/loss from the sale of tangible assets	(2,385)	(11)
Allocation of official subsidies to results	(13)	-
(Profit)/loss of derivative financial instruments at reasonable value with changes to results	(358)	436
Operating profit before changes in circulating assets	73,242	54,959
Changes in circulating assets, excluding the effect of acquisitions and exchange differences		
Increase/Decrease in clients and other accounts receivable	(150,228)	(108,769)
Increase/Decrease in stocks	(17,797)	4,599
Increase/Decrease in trade creditors and other accounts payable	62,263	41,831
Provision payments	(562)	-
Cash generated by operations	(33,082)	(7,380)
Interest paid	(5,782)	(3,628)
Tax on gains paid	(3,638)	(1,662)

	30/06/2007	30/06/2006
Net cash generated by operating activities	(42,502)	(12,670)
Cash flow from investment activities		
From the sale of tangible assets	4,850	170
From the sale of financial investments	2,417	1,324
Exchange differences	(186)	(1,634)
Acquisition of tangible assets	(11,539)	(8,837)
Acquisition of intangible assets	(4,217)	(1,353)
Acquisition of other financial assets	(7,026)	(2,804)
Acquisition of subsidiary undertakings, net of cash and equivalents	(22,693)	(6,536)
Net cash generated by investment activities	(38,394)	(19,670)
Cash flow from financial activities		
From subsidies	55	3
From banking finance	102,838	38,173
Repayment of liabilities with interest	(28,218)	(5,150)
Payment of finance lease liabilities	(2,263)	(2,300)
Dividends paid	(11,471)	(6,770)
Net cash generated by financial activities	60,941	23,956
Net increase in cash and cash equivalents	(19,955)	(8,384)
Cash and cash equivalents at 1 January	54,347	46,022
Effect of exchange differences on cash	115	613
Cash and cash equivalents at 30 June	34,507	38,251

e) Comments regarding the most relevant variances

The most significant variances in the balance sheet as at 30 June 2007 and 31 December 2006 are as described below:

- Total non-current assets increased by 7% half year on half year. Goodwill rose from 128,802 thousand euros at 31 December 2006 to 142,753 thousand euros at

30 June 2007. This variation can be explained by the new goodwill that arose following the acquisition of the companies Master Riego, S.A., Aplicaciones Técnicas Hidraulicas, S.L. (ATH) and Groupe Irrigaronne. These acquisitions were financed through three new loans whose nominal value amounted to 25,800 thousand euros, thus explaining the 22% variation in long-term financial liabilities to financial institutions.

Following the acquisition of the company ATH, the Group has recorded a non-current liability in respect of the present value of the price of a purchase option to the amount of 2,243 thousand euros and has ceased to recognise the book value of minority interest holders.

The acquisition of the aforementioned companies has also resulted in an increase in intangible assets. The Group is currently in the process of analysing the price allocation to the business combinations that arose between 1 January 2007 and 30 June 2007, in such a manner that the values recognised are temporary and may be modified once the process is completed.

The addition of other intangible assets without taking into consideration the incorporations derived from the business combinations during the first half of 2007 amounted to 3,599 thousand euros. These investments included, among others, the addition of expenses incurred in various development projects launched by the Group to the amount of 1,480 thousand euros in relation to the development of swimming-pool and water treatment products.

- It is also worth mentioning that property investments fell by 46% following the sale of properties not allocated to operations, resulting in a profit of 3,691 thousand euros recorded in the profit and loss account under the caption "Other income".

- Total current assets rose by 51% from one period to another, with Trade Debtors and other accounts receivable rising from 142,900 thousand euros at 31 December 2006 to 308,030 thousand euros at 30 June 2007. This variance can be explained mostly by seasonality factors, as 60% of Fluidra's sales are made in the first six months of the year. The 20% increase on 30 June 2006 is in line with the rise in sales.

- The level of stocks also experienced a significant variance from one period to another, rising by 18%. As commented in the previous section, this increase can be explained by the seasonality of the business, as well as by the increase in the Group's sales volume. Stock turnover is higher at year end in June 2007 than it is at year end in December 2006, as stocks are accumulated during the last quarter of the year ahead of the following season. When compared with the first half of the year 2006, the increase in stocks is 11%, given that a policy of stock restrictions was adopted in 2006 due to growth rates being more moderate than in 2007. High growth rates in 2007 resulted in an expansive stock policy being implemented so as to meet potential rises in demand during the months of July and August.

- Current liabilities rose by 61% from one period to another. This variation is due mainly to seasonal factors. Notable increases included accounts payable to financial institutions, which rose by 47%, and trade creditors and other accounts payable, which grew by 68% owing to the fact that purchases of raw materials are concentrated in the first months of the year. Trade creditors and other accounts payable rose by 21% on the first six months of the previous year in line with the increase in sales.

- Lastly, it is worth mentioning that the Group's net financial debt (see definition in section 10) rose from 156,641 thousand euros at 31 December 2006 to 249,073 thousand euros at 30 June 2007, due essentially to seasonal factors, to new loans taken out to finance the acquisitions, and to the new debt taken on as a result of these acquisitions (4,266 thousand euros), understood as financial liabilities less cash and other cash means equivalent less other non-current financial assets.

The most significant variations in the profit and loss account in respect of the half years ended 30 June 2007 and 2006 are as described below:

- The sales of goods and finished products rose by 30% from one period to another. This rise is due in part to new acquisitions, mainly of the Water division, to the amount of 15,637 thousand euros. In order to comparatively analyse both periods, the financial year 2006 should include two and three months of activity of the Water division. In such a case, the increase without the above-mentioned acquisitions would be 15.22%.

- The gross margin (see definition in section 3) rose by 1.33 percentage point from one period to another, from 48% in the half year ended 30 June 2006 to 49.33% in the half year ended 30 June 2007. This improvement effect is due to the complete integration of the Water in the financial year 2007 as opposed to only three months in 2006.

- Personnel expenses were up by 30% from one period to another. This increase can be explained by the rise in the average number employees, rising from 2,685 at year end in June 2006 to 3,692 at year end in June 2007, as a result of taking over the Water division personnel. Despite this increase, the personnel expenditure to average number of employees ratio fell from 17.04 in 2006 to 16.05 in 2007.

- Depreciation expenses increased from 10,117 thousand euros at 30 June 2006 to 14,505 thousand euros at 30 June 2007. This increase can be explained by the depreciation of intangible assets from the new acquisitions of the Water division.

- The caption "Other operating expenses" also recorded an increase from the previous period, due mainly to the incorporation of three extra months of activity of the Water division in the period ended 30 June 2007. The most relevant expenses within this section are to be found in leases and royalties, which rose by 29 % on the previous year as a result of new acquisitions in the financial year 2007 and of the effect of the three months of activity of the Water division, and in sales transport, which rose by 21.7% on the previous year, with a growth rate below that of sales thanks to the integration of the Water division into the Group's logistics. These two captions account for 40% of operating expenses in 2006, and for 36% in 2007. Also of note is the increase in temporary work costs, which rose from 3,551 thousand euros in the financial year 2006 to 5,425 thousand euros in 2007 following a sharp rise in sales in the first half year that not all companies were able to cope with by means of their fixed structure.

- The financial result rose from 5,075 thousand euros at year end in June 2006 to 5,910 thousand euros at year end in June 2007 due to the incorporation of the Water division's financial result and to the increased financial expenses arising from the new acquisitions made in the first six months of 2007.

When analysing the most significant changes in the statement of cash flows in respect of the half years ended 30 June 2007 and 2006, the following can be observed:

- The operating profit before change in circulating assets rose from 54,959 thousand euros to 73,242 thousand euros from one period to the next, resulting in a 33% increase which, in absolute values, is in line with the increase in profit after tax.

- Variations in circulating assets –excluding the effect of acquisitions and exchange differences- produce a negative effect on the company's cash flow, which was reduced by 43,985 thousand euros year on year. This variation is due essentially to the increase in stocks, which grew by 16,186 thousand euros at year end in June 2007 after falling by 5,648 thousand euros the previous year. This effect is due to the fact that the first six months of 2006 recorded slower growth, thus resulting in a restrictive stock policy. In the first half of the year 2007, growth was strong and, therefore, an expansive stock policy was adopted so as to meet possible growth needs in the second half of the year.

- Thus, the net cash generated by operating activities rose from (12,670) thousand euros at 30 June 2006 to (42,502) thousand euros at 30 June 2007, as a consequence of the growth of the Company's business.

- The net cash generated by investment activities fell by 18,724 thousand euros from one year to another, mainly as a result of the acquisition of subsidiary undertakings whose effect on cash flow amounted to 22,693 thousand euros at 30 June 2007 versus 6,536 thousand euros at 30 June 2006.

- At 30 June 2007, the cash flow deficit in operating and investment activities was compensated by new banking finance.

f) Information by segment

	POOL					WATER				
	EU-IFRS		EU-IFRS		Variation %	EU-IFRS		EU-IFRS		Variation %
Key figures	**30/06/2007**	**% (*)**	**30/06/2006**	**% (*)**	**07-06**	**30/06/2007**	**% (*)**	**30/06/2006**	**% (*)**	**07-06**
Sale of godos and finished products (1)	315.485	100%	267.837	100%	18%	109,839	100%	51,483	100%	113%
Variation of stock of finished products and products in progress and procurements of raw materials (2)	169,578	54%	143,963	54%	18%	62,947	57%	27,506	53%	129%
Gross margin (3)	145.907	46%	123,874	46%	18%	46,892	43%	23,977	47%	96%
Staff expenses	44,189	14%	38,885	15%	14%	15,080	14%	6,857	13%	120%
Amortisation expenses	7,744	2%	7,026	3%	10%	6,761	6%	3,092	6%	119%
Other operating expenses	51,332	16%	41,173	15%	25%	16,509	15%	8,035	16%	105%
Income from services	4,887	2%	3,266	1%	50%	1,451	1%	392	1%	270%
Profit /(loss) sharing of companies entered into the books by applying the equity method	(47)	-	(47)	-	-	(5)	-	-	-	-
EBIT (4)	47,481	15%	40,009	15%	19%	9,988	9%	6,385	12%	56%
EBITDA (5)	55,225	18%	47,035	18%	17%	16,749	15%	9,477	18%	77%
	55,225		47,035			16,749		3,092		

(3) Calculated as the difference between (1) and (2)

(4) Calculated as EBITDA – Amortisation expenses

(5) Calculated as Sales of godos and finished products + Income from services - Variation of stock of finished products and products in progress and procurements of raw materials – Staff expenses – Other operating expenses + Profit /(loss) sharing of companies entered into the books by applying the equity method

(*) Represents the weight of each ítem over the total "Sales of goods and finished products "

The figures included in this table are included before any intra-segments removals.

When analysing the information by segments, the following changes can be observed:

POOL

An 18% increase in sales which is due entirely to the organic growth of the POOL segment, which was not affected by any acquisition during the first half year of 2007.

The other items in the profit and loss account remained stable, with a 19% increase in EBIT slightly above growth in sales. This is due to a lower percentage increase in personnel and depreciation expenses with regard to sales.

WATER

It should be mentioned that the first half year of 2007 was the first complete period for Water, which now totals six months of activity. In order to facilitate comparison, pro forma financial information for the first half year of 2006 has been included in the pro forma module of Annex V, as historical financial information only includes three months of activity in this segment.

The Water segment recorded a 113%, part of this increase could be due to the new acquisitions, for a value of 15,637 thousand euros. In order to make a comparative analysis of both periods, we should incorporate in 2006 two and three months of activity of the WATER division, in which case the increase of sales without the above-mentioned acquisitions would have been 6%.

Gross Margin lost four points, falling from 47% to 43%. This is partly due to the fact that the first three months of the year saw a below-average gross margin, but also to the incorporation of companies (ATH, Irrigarone) that have a lower gross margin because of their more sales-oriented, less productive nature.

For EBIT and EBITDA, see Annex V.

20.7. Dividend policy

Despite undergoing a period of expansion marked by a substantial and continued investment effort in production assets, distribution and acquisitions, the Fluidra Group aims to continue to reward its shareholders by earmarking between 20% and 30% of the net profits attributable to the parent company for the distribution of annual dividends.

The Company distributed dividends in the financial years 2006, 2005 and 2004 to the amount of 6,500, 6,150 and 4,497 thousand euros, respectively. In addition, interim dividends of 11,000 thousand euros were distributed on 12 April 2007 on account of the year 2006. Subsequently, on approval of the accounts for the financial year 2006, the profit was distributed to compensate for interim dividends of 6,500 thousand euros paid in 2006 and interim dividends of 11,000 thousand euros paid in 2007. It should be stressed that the dividends of 17,500 thousand euros that were distributed against the profit for the financial year 2006 is out of the policy to be followed by the Company, as laid down in the following paragraph.

According to the current dividend policy set out in the Company's Articles of Association, 33% of the Company's profit will be distributed as dividends after paying tax and before depreciating the consolidation goodwill, where permitted by applicable law and where appropriate for the stability and financial strength of the Company.

At the time of registering this Prospectus, there were no Company by-law restrictions or agreements between shareholders limiting the free distribution of dividends.

In accordance with Article 194 of the Spanish Companies Act (Ley de Sociedades Anónimas), a company's ability to distribute dividends will be restricted if its start-up expenses or goodwill have not been depreciated in full, unless the amount of reserves available is at least equal to the amount of expenses not depreciated. According to the Company's consolidated balance sheet as at 31 December 2006, the balance of available reserves exceeds the positive balance awaiting depreciation in the Start-Up Expenses section, there being no positive balance under 'Goodwill'. Consequently, the Company met the legal requirements imposed by Spanish legislation and could distribute dividends after making the appropriate transfer to legal reserves.

The following table includes the figures necessary to determine the results per share for the last three financial years:

Data in thousands of euros		**EU-IFRS**		**PGC**	
		2006	**2005**	**2005**	**2004**
Share Capital		112.629	90.303	90.303	90.303
Result for the year	1	27.473	26.347	20.794	20.316
Assets attributable to equity holders of the parent company /Shareholders' Funds	2	283.012	182.807	176.928	161.383
Dividends approved on the profit of the corresponding financial period		17.500	6.150	6.150	4.497
Number of shares	3	112.629.070	90.302.932	90.302.932	90.302.932

Data in thousands of euros		EU-IFRS		PGC	
		2006	2005	2005	2004
Result per share (1)	*	0,24	0,29	0,23	0,22
Book value of shares (1)	**	2,51	2,02	1,96	1,79
Dividend per share (1)	**	0,155	0,068	0,068	0,050

(1) Data in euros

* Calculated as 1/3

** Calculated as 2/3

20.8. Legal and arbitration proceedings

Below is a brief description of the most significant legal and out-of-Court disputes in which the Company, and some of the companies of its Group, are involved:

- **Legal claims relating to the company Kokido Services, S.A.**

  There are 3 different legal claims all being handled by the Group company SNTE, S.A.S. before the French courts, and all in relation to the company Kokido Services, S.A. In particular:

  (i) Legal claim filed by SNTE, S.A.S. against two former employees

  In September 2006, SNTE, S.A.S. filed before the French Labour Court in Aix-en-Provence a complaint against two of its former employees, based on the fact that they incorporated a company which entered into direct competition with SNTE, S.A.S. while they were still working for the latter, SNTE, S.A.S.

  The proceedings are in the first instance, pending a Court decision, a prior act of conciliation having been attempted without success.

  (ii) Legal claim filed by SNTE, S.A.S. against the company Kokido Trading Limited

  In September 2006 SNTE, S.A.S. filed before the French Commercial Court of Aix-en-Provence a complaint against the company Kokido Trading Limited –parent company of Kokido Services, S.A.- due to an abusive, early exit without justification from an exclusive distribution agreement.

  The proceedings are in the first instance, pending a Court decision.

  (iii) Legal claim filed by SNTE, S.A.S. against the company Kokido Services, S.A.

In September 2006 SNTE, S.A.S. filed before the French Commercial Court of Aix-en-Provence, a complaint against Kokido Services, S.A. for unfair competition, based on (i) the hiring by Kokido Services, S.A. of former employees of SNTE, S.A.S.; and (ii) use of the trademark "Kokido", which was distributed exclusively by SNTE S.A.S.

The proceedings are in the first instance, pending a Court decision.

- **Legal claims relating to Aquamediterrannée, S.A.**

On 1 December 2006 the Group company SNTE, S.A.S. filed before the French Commercial Court of Aix-en-Provence, a complaint against Aquamediterrannée, S.A. for a quantum claim (claim for approximately 320,000€), due to the non-payment of amounts owed by Aquamediterrannée, S.A. arising from an exclusive distribution agreement subscribed between the parties on 10 November 2004.

In view of the lack of payment, SNTE, S.A.S. terminated the said exclusive distribution agreement and filed a legal claim.

The proceedings are in the first instance, pending a Court decision.

For its part, Aquamediterrannée, S.A., after the termination of the exclusive distribution agreement, filed a legal claim against SNTE, S.A.S. due to contractual non-fulfilment, and loss of sales and profit caused by the lack of delivery of material for the amount of 500,000€-

These proceedings are at the stage of a reply to the accusation and presentation of evidence.

The possible consequences are the following:

1. The Judge may consider the two cases as one and proceed to compensate both claims. In the worst-case scenario, SNTE would have to make an additional payment of around 200,000€

2. A more realistic estimate suggests that the amounts claimed by Aquamediterrannée, S.A. are clearly excessive, and therefore this might result in negative compensation of between 50,000 and 100,000€.

- **Various labour claims brought before the Courts of Dubai**

(i) On 19 April 2005, an ex general manager of the Group company Astral Middle East FZE filed a claim against the company claiming the existence of an unfair dismissal, which Astral Middle East has justified claiming that the claimant was working for the competition while he was still an employee of Astral Middle East FZE

The final 1st instance judgment found in favour of the claimant's claim, Astral Middle East being bound to pay 6,604 AED plus 9% annual interest from the date the complaint was filed. On the contrary, the Court n respect of the aforementioned counterclaim, ordered the claimant to pay 567,000 AED in favour of Astral Middle East . The said judgment has been appealed by both parties and the proceedings are presently before the Appeal Court of Dubai, pending a decision.

Should a final unfavourable judgment be handed down against Astral Middle East FZE, it could be obliged to pay the claimant all or part of the amount he is claiming, which comes to 1,530,504 AED (306,100 euros).

On 19 April 2005 a former head of public relations of the Group company Astral Middle East FZE filed a claim against the company, claiming the existence of an unfair dismissal, which the company justified by alleging that the claimant worked for a company belonging to the competition while employed by the former.

The judgment handed down in 1st instance sentenced Astral Middle East to pay the amount of 6,604 AED, plus the legal costs arising from date the complaint was filed until payment of the amount ordered, plus 200 AED in procurator fees. The said judgment has been appealed by both parties and the proceedings are presently before the Appeal Court of Dubai, in the allegation stage.

Should a final unfavourable judgment be handed down against Astral Middle East FZE, it could be obliged to pay the claimant all or part of the amount he is claiming, which comes to 200,960 AED (40,192 euros).

(ii) On 7 February 2006, a former financier of Astral Middle East FZE filed a complaint against the company claiming the existence of an unfair dismissal, and asking for 349,712 AED (69,942.40 euros).

Astral Middle East justified the dismissal claiming certain contractual breaches.

The first instance judgment sentenced the defendant to pay the claimant the approximate amount of 865.20 euros, plus an amount equal to 9% per annum of this amount from 7 February 2006 as interest. Said judgment is under appeal before the Appeal Court of Dubai, filed by Astral Middle East FZE.

(iii) On 25 March 2006, a former collaborator of the company Astral Middle East FZE filed a complaint against the Group companies Astral Middle East FZE and Astral Pool, S.A.U., claiming non-fulfilment of an agreement by virtue of which the claimant was entitled to receive a percentage of the profits of Astral Middle East FZE, the claim being for approximately 4,814,429 AED (900,000 euros).

The defence of Astral Middle East is based on the fact that it is not a bound party in the said agreement, questioning the interpretation of the agreement made by the claimant. For its part, the defence of Astral Pool, S.A.U. is based on the lack of territorial competence of the Courts.

The first instance judgment sentenced the defendants to pay the claimant jointly and severally the amount of 900,000 euros, plus an amount equal to 9% per annum of this amount from 25 March 2006 as interest. The defendants have filed a preliminary appeal, before the Appeal Court of Dubai, the proceedings having been stayed until 30 December 2007.

- **Criminal proceedings relating to Poltank, S.A.U.**

On 25 April 2007, an employee of Poltank, S.A.U. filed before the Court of Instruction number 2 of Olot, a complaint against the head of production and head of plant of the company of the Group Poltank, S.A.U., and against Poltank, S.A.U. itself, as subsidiary civil liability party, as a result of an accident suffered by the claimant.

Poltank, S.A.U. claims that all work safety measures are observed in the work place.

The proceedings are in the instruction stage.

Should a final judgment be handed down by virtue of which Poltank, S.A.U. has to pay compensation to the claimant, the said subsidiary civil liability would be covered by a company insurance policy taken out by Poltank, S.A.U.

In relation to the claims set forth under this point, it was considered that the possibility of there existing an outflow of resources to cancel such obligations was less than the contrary, and therefore the company has not shown them in its Financial Statements.

20.9. Significant changes in the issuer's financial or trading position

There exist no significant changes in the financial or commercial position of the issuer.

21. ADDITIONAL INFORMATION

21.1. Share capital

21.1.1. Amount of issued capital, and for each class of share capital:

The nominal amount of the share capital in Fluidra issued as on the date of this Prospectus comes to one hundred and twelve million, six hundred and twenty-nine thousand and seventy euros (112,629,070 €), represented by one hundred and twelve million, six hundred and twenty-nine thousand and seventy euros (112,629,070 €) shares, with a face value of one euro (1 €) each, all from the same series and class, fully subscribed and paid up.

a) number of shares authorised;

The number of company shares authorised comes to one hundred and twelve million, six hundred and twenty-nine thousand and seventy (112,629,070).

b) number of shares issued and fully paid up and issued but not fully paid up

There exist no capital calls, as the share capital of Fluidra is fully subscribed and paid up.

c) par value per share, or state that the shares have no par value;

All the shares into which the share capital of Fluidra is divided have a par value of one euro (1€) each.

d) Reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10 % of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.

As on 1 January 2006 the number of outstanding shares of the company was 90,302,932 registered shares.

As on 31 December 2006 the number of outstanding shares of the company increased up to 112,629,070 registered shares, as a result of the hare capital increase of the company agreed by the General Shareholders' Meeting of the company on 30 March 2006.

On 5 September 2007 an amendment was approved to the system of representation of the shares of the company, going from a system of representation through registered titles to a system of representation through a book-entry system.

21.1.2. If there are shares not representing capital, state the number and main characteristics of such shares

There exist no shares which do not represent the share capital.

21.1.3. Number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer

As on the date of this Prospectus, there exist no shares as treasury stock, although it is envisaged that the company might acquire its own shares (see part 5.2.1.3 of Chapter III) to implement the adjudication of shares subject to the Offer among its employees in application of the provisions for the Employee Tranche in this Prospectus.

In particular, the execution of the Employee Tranche will require the company to acquire its own shares up to a maximum limit of 210,000 shares to transfer them immediately to its employees, all in order to assume the discount on issue price, which has been established at 20%.

21.1.4. Amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription

As on the date of the registration of this Prospectus, the company has not issued any loans and nor do there exist any exchangeable bonds or others convertible into shares or with warrants.

21.1.5. Information about and therms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital

As on the date of the registration of this Prospectus, there exists no capital increase undertaking on the part of the company nor any obligation whatsoever in relation to any capital authorised but not issued.

21.1.6. Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options, including those persons to whom such option relates

As on the date of this Prospectus, there exists no option agreement over the capital of the company or of its Group, except for the provisions of sections 5.1 and 5.2.5 of the Note on the Shares of this Prospectus in relation to the purchase option ("*green shoe*").

21.1.7. A history of the share capital, highlighting information about any changes, for the period covered by the historical financial information

From 1 January 2004 and up to the date of this Prospectus, capital of the company has been modified by virtue of the General Shareholders' Meeting agreement of the company on 30 March 2006 for a share capital increase for the amount of twenty-two million three hundred and twenty-six thousand one hundred and thirty-eight euros (22,326,138 €), the share capital becoming one hundred and twelve million, six hundred and twenty-nine thousand and seventy euros (112,629,070 €).

21.2. Memorandum and Articles of Association

21.2.1. Description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association

In anticipation of the admission to trading of the shares of the company on the Stock Exchange and in order to adapt the by-laws of the company to legal requirements and the practices of good corporate management of listed companies, the General Shareholders' Meeting of Fluidra held on 5 September 2007 approved a redrafted text of the Company By-laws (the "**Company By-laws**").

21.2.1.1 Pursuant to article 2 of the Company By-laws:

"*The corporate object of the company is:*

a) *The manufacture, sale and purchase, distribution of all types of machinery, equipment, components and machine parts, instruments, accessories and specific products for swimming pools, sprinkling and the treatment and purification of water in general, constructed both from metal materials as well as from any type of plastic material and processed products therefrom.*

b) *Trade activities both foreign and domestic, of any type of goods and products, directly or indirectly related to section a).*

c) *The representing of firms and commercial and industrial companies devoted to the manufacture of the products listed in section a) of this article, both national and foreign.*

d) *Capital investment in any type of Undertaking or Company through the purchase and subscription through any legal means, possession, management and administration of any type of securities, with the express exclusion of activities reserved for Collective Investment Institutions and of transactions under the Securities Market Act.*

e) *The advising, managing and administering of the Undertaking and Companies in which the company holds a stake.*

f) *Excluded from the corporate object of the company are all activities which require express prior administrative authorisation.*"

The deed of incorporation of Fluidra is available to the public and may be consulted at the aforementioned registered office of the company, as well as at the Mercantile Registry of Barcelona.

21.2.2. Summary of any provisions of the isssuer's articles of association, statues, charter or bylaws in respect to the members of the administrative, management and supervisory bodies

The Company By-laws establish the following most relevant aspects in respect of the members of the administrative, advisory or supervisory bodies of the company:

– The Board of Directors will consist of a number of members of no fewer than five nor greater than fifteen, and which will be determined by the General Meeting.

– The General Meeting must ensure that, to the extent possible, in the composition of the Board of Directors the number of external or non-executive directors comprises a large majority in respect of that of executive directors. Furthermore, the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company. Finally, it must try to ensure that the number of independent directors represents at least one third (1/3) of the total number of directors.

– The definitions of the various types of directors will be those established in the recommendations of good corporate management applicable from time to time.

– Should there not be any external director who can be considered significant or independent, the company will explain such circumstance and their connections, whether with the company and its executives, or with its shareholders. To such end, executives will be taken as meaning those directors who through any title hold management responsibilities within the company or companies of the group.

– The Board of Directors will appoint from within its members a Chairperson and, where applicable, one or more Deputy Chairpersons, who will replace the Chairperson in the event of a vacancy, absence or illness. It will also appoint the person to carry out the role of Secretary. To be appointed Chairperson or Deputy Chairperson, the appointed person must be a member of the Board of Directors, circumstance which will not be necessary for the person appointed to carry out the role of Secretary, in which case the latter may voice their opinion but not vote. The Board of Directors may also optionally appoint a Deputy Secretary, who might not be a director.

– The Board of Directors will normally meet at least six times a year and, in any event, as often as necessary to carry out its duties, following the schedule of dates and matters established at the start of the financial year, each director being able to propose other points for the agenda not initially envisaged when said request is made at least five days in advance of the date established for holding the meeting. Furthermore the Board will meet on the initiative of the Chairperson, as often as the same deems it necessary for the smooth running of the company, and also when requested by at least two of its members, in which case it will be called by the Chairperson in order to meet within the fifteen days following the request.

– The call for ordinary meetings will be made by registered post, fax, telegram or e-mail, and will be authorised with the signature of the Chairperson or the Secretary or Deputy Secretary at the request of the Chairperson. The call will be made at least three days in advance. The call will always include the agenda for the meeting and will be accompanied by any relevant information duly prepared and summarised. Notwithstanding the foregoing, the Board of Directors will be deemed to have been validly constituted with no need for a call if all of its members, either present in person or represented, should unanimously agree to hold a meeting and agree to the matters to be dealt with on the agenda.

– The Board will be deemed to have been validly constituted when there attend the meeting, either present in person or represented by another director, half plus one of its members. Representation will be granted in writing, necessarily in favour of another director, and specifically for each meeting, through a letter addressed to the Chairperson.

– Any resolutions will taken by the absolute majority of those attending the meeting, except for those cases where the Law or these By-laws have established reinforced majorities. In the event of a draw in voting, the Chairperson will have the casting vote.

– The remuneration of the Board of Directors consists of the following items: fixed monthly allowance and profit-sharing. The remuneration, global and annual, for the entire Board and for the foregoing items, will be five per cent of the profits of the consolidated group, approved by the General Meeting, although the Board of Directors may reduce this percentage in the financial years it deems appropriate. All this is notwithstanding any subsistence allowances for attending each meeting of the administrative bodies of the company and their committees and commissions.

  Furthermore, the Directors may receive remuneration through shares of the company or of another company from the group to which it belongs, through options over the same or instruments connected to their listing. In the case of company shares, this remuneration must be agreed by the General Shareholders' Meeting. The agreement will state, where applicable, the number of shares to be delivered, the option right exercise price, the value of the shares taken as a reference, and the length of the period of this type of payment. The remuneration envisaged in this article will be compatible with and independent from any salaries, emoluments, compensation, pensions, contributions to social welfare funds, life Underwriters, share allotment or options over shares or compensation of any type, established generally or specifically by those members of the Board of Directors carrying out executive duties, whatever the nature of their relationship with the company, whether labour -ordinary or senior executive-, mercantile or the provision of services, relationships which will be compatible with being members of the Board of Directors.

– The members of the company administration will perform their duties with the diligence of an orderly businessperson and loyal representative. The directors and, to a greater extent, the independent directors, will contribute at all times their strategic vision, as well as concepts, criteria and innovative measures for the optimum development and progress of the business of the company.

– The Board of Directors may appoint from within its members a Delegate Committee or one or more Delegate Directors, notwithstanding any powers which may be granted to anyone, it being able to delegate thereto, totally or partially, temporarily or permanently, all the faculties which are subject to delegation pursuant to Law. The delegating and appointing of the members of the Board to occupy such posts will require, in order to be valid, the favourable vote two thirds of the components of the Board, and they will not render any effect until they have been recorded in the Mercantile Registry.

– Furthermore, the Board may constitute other committees with consultancy or advisory roles without prejudice to the fact that they may exceptionally be attributed certain decision-making powers.

– In any event, the Board must constitute an Auditing Board, with powers regarding information, supervision, advice and proposals in the areas of its competence which are specified in article 46 of the Company By-laws below and which are developed in the Board of Directors' Regulations. Furthermore, the Board may constitute an Appointment and Retribution Committee.

For its part, at its meeting held on 5 September 2007, the Board of Directors, in anticipation of the admission to trading of the shares of the company on the Stock Exchange, approved the Board of Directors' Regulations (the "**Board of Directors' Regulations**"), these being recorded at the General Shareholders' Meeting of 5 September 2007.

The object of the Board of Directors' Regulations is to determine the principles of action of the Board of Directors of Fluidra, the basic rules of its organisation and operations and the code of conduct of its members, the most relevant aspects being the following:

– The Board of Directors will carry out its duties with a joint purposes and independence of criteria, providing the same treatment to all shareholders and being driven by the interests of the company, understood as maximising in a sustained manner the financial value of the company. Furthermore, it will ensure that in its relationships with groups of interest, the company will respect all laws and regulations, comply with its obligations and agreements in good faith, respect the uses and good practice of the sectors and territories where it carries out its activity; and will observe any additional principles of corporate liability it might accept voluntarily. Except for matters reserved for the General Meeting, the Board of Directors is the highest decision-making body of the company, the duties attributed to it by the Spanish Law on Public Limited Companies and other applicable provisions falling within its competence.

– The Board of Directors, as the nucleus of its mission, approves the strategy of the company and the organisation necessary for its putting into practice, and also supervises and censures that Management meets the objectives set and respects the corporate object and interest of the company. To such end, the Board of Directors as a whole reserves the competence to approve the general policies and strategies of the company and, in particular, (i) the strategic or business plan, as well as annual management objectives and budget; (ii) investment and finance policy; (iii) the defining of the structure of the group of companies; (iv) corporate management policy; (v) corporate social liability policy; (vi) policy on remuneration and evaluation of senior executive duties; (vii) control and risk management policies, as well as the periodic monitoring of internal information and control systems; (viii)the policy on dividends, as well as treasury stock and, in particular, their limits.

– The policy of the Board is to delegate the everyday running of the company to the management team and concentrate its activity on the general role of supervising and the taking of the decisions which are most relevant for the administration of the company.

– The Board of Directors, in the exercise of its faculties to propose to the General Meeting and to co-opt in respect of the covering of vacancies, must ensure that, in the composition of the body, the external or non-executive directors comprises a large majority in respect of that of executive directors. Furthermore, the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage of participation of the executive directors in the capital of the company. Finally, it must try to ensure that the number of independent directors represents at least one third (1/3) of the total number of directors. The definitions of the different types of directors will be those established in the recommendations on good corporate management applicable from time to time.

– El Board will try to ensure that within the external directors, the relationship between the number of significant directors and that of the independent directors reflects the proportion existing between the capital of the Company represented by significant directors and the remaining capital. Should there not be any external director who can be considered significant or independent, the company will explain such circumstance and their connections, whether with the company and its executives, or with its shareholders.

– The nature of each director must be explained by the Board to the General Shareholders' Meeting, which must make or ratify their appointment, which will be confirmed or, where applicable, reviewed annually in the Annual Report on Corporate Management, subject to verification by the Appointment and Retribution Committee.

– The directors will stand down from their posts when the period for which they were appointed has elapsed and when the General Meeting thus decides, using the powers conferred on it by the Law or the by-laws. In the event that, through a resignation or for any other reason, a director should stand down from their post prior to the termination of their mandate, they must explain their reasons in a latter to be sent to all the members of the Board.

– The directors must place their posts at the disposal of the Board of Directors and formalise, if it deems this appropriate, the corresponding resignation in the following cases: (i) when executives with whom their appointment as director was associated leave their post; (ii) when involved in any legally established circumstances of incompatibility or prohibition; (iii) when seriously warned by the Board of Directors due to having infringed their obligations as directors; (iv) when their permanence on the Board might endanger or prejudice the interests, credit or reputation of the company or when the reasons for which they were appointed disappear (for example, when a significant director disposes of their participation in the company); (v) in the case of independent directors, they may not remain as such for a continuous period of more than twelve years, and therefore once such period has elapsed, they must place their post at the disposal of the Board of Directors and formalise the corresponding resignation; (vi) in the case of significant directors; (a) when the shareholder they represent sells in full their shareholding stake, and furthermore (b) in the number which corresponds, when such shareholder reduces their shareholding stake to a level which requires a reduction in the number of significant directors.

– The directors and members of the Auditing Board and of the Appointment and Retribution Committee will be entitled to receive remuneration to be established pursuant to the provisions of the by-laws. Within the limits established by the Company By-laws, the Board of Directors will ensure that the remuneration of the directors is in line with that paid on the market in companies of a similar size and activity and with their devotion to the company.

– The Board of Directors will prepare an annual report on the remuneration policy of the financial year in progress and the application of the remuneration policy prevailing in the current financial year, which will be made available to the shareholders in the manner in which the Board of Directors deems appropriate, on the occasion of the call of the Ordinary General Shareholders' Meeting.

– Furthermore, the Board of Directors will ensure amount of the remuneration for the external director is such that it offers incentives for their devotion, without compromising their independence.

– In the carrying out of their duties, the directors will act with the diligence of an orderly businessperson and loyal representative. Their actions will be based only on corporate interest, ensuring the best defence and protection of the joint interests of the shareholders, from whom their mandate arises and to whom they are accountable.

– The Board of Directors will encourage the informed participation of the shareholders in general meetings and will adopt as many measures as necessary in order to ensure that the General Shareholders' Meeting effectively exercises the duties inherent in it pursuant to the Law and the Company By-laws.

– The Board of Directors will likewise establish appropriate mechanisms for the regular exchange of information with the institutional investors who form part of the shareholding of the company.

Furthermore, in said meeting of 5 September 2007, the Board of Directors, in anticipation of the admission to trading of the shares of the company on the Stock Exchange, approved the Internal Code of Conduct regarding the Securities Market (the "**Internal Code of Conduct**").

The Internal Code of Conduct of Fluidra are in response to the need to ensure fulfilment of the precepts contained in Law 24/1988, of 28 July, on the Securities Market, amended by Law 44/2002, of 22 November, on Reform Measures in the Financial System, in Royal Decree 629/1993, of 3 May, on the norms of behaviour in securities markets and obligatory registrations, and in Royal Decree 1333/2005, of 11 November, on matters of market abuse.

The Internal Code of Conduct determine the criteria for behaviour and actions to be followed by their addressees in relation to the transactions described in the same as well as to the treatment, use and disclosure of privileged, reserved and relevant information in order to favour transparency in the performing of the activities of the companies of the Group and the suitable information and protection of the investors.

The most significant aspects established in the Internal Code of Conduct are the following:

– The following are subject to the Internal Code of Conduct: (i) the members of the Board of Directors of the company and, should they not be members, the Secretary and Deputy Secretary of the Board of Directors as well as the General Secretary of the company, (ii) the senior executives of the company, (iii) the managers and employees as determined, both of the company as well as of affiliate companies, who perform their work in areas related to securities markets or who habitually have access to the privileged information related, directly or indirectly, to the company and their affiliate undertakings and which, furthermore, have competence in order to adopt the management decisions affecting the future development and business prospects of the company and its affiliate undertakings, (iv) any external advisors and consultants contracted by the company to participate in the transactions object of the Internal Code of Conduct, (v) should there be any, personnel working in the Stock exchange services of the companies of the Group, and (vi) any other person included within the scope of application of the Internal Code of Conduct at the decision of the Chairperson of the Board of Directors of the company in view of the circumstances existing in each case.

– Restrictions and conditions are established for the sale or purchase of the securities or financial instruments of Fluidra by persons subject to the Internal Code of Conduct and by those who possess privileged information of the company. Furthermore, norms of behaviour are established in relation to the reserved information and the obligation to safeguard the privileged information.

– It is established that those subject to the Internal Code of Conduct will refrain from preparing or performing practices which fake the free formation of the prices of the securities or financial instruments of Fluidra.

– As regards treasury stock transactions, it is established that the essential purpose of said transactions is to provide investors with suitable volumes of liquidity and depth of securities and minimise the possible temporary imbalances which might exist between supply and demand on the market. Under no circumstances will the transactions be in answer to any intention to intervene in the free process of price formation. No sale and purchase orders over the shares of the company will be in place simultaneously.

– Those subject to the Internal Code of Conduct and submitted to conflicts interest must act at all times with freedom of opinion, with loyalty towards the company and its shareholders and independently from its own interests or those of others. In consequence, they will refrain from (i) putting forward their own interests at the expense of those of the company or those of certain investors at the expense of others, (ii) intervening or influencing in any decision-taking which might affect those persons or entities with which conflict exists and accessing any confidential information which might affect said conflict, and (iii) they must inform the Director of the Legal Department of the company regarding any possible conflicts of interest in which they are involved due to their activities outside the company, their family relationships, personal wealth, or for any other reason.

In relation to the recording of shares and filing of communications, the Director of the Legal Department of the company is the person responsible for maintaining a register on the information relating to securities or financial instruments of Fluidra owned by those subject to the Internal Code of Conduct.

21.2.3. Description of the rights, preferences and restrictions attaching to each type of existing shares

All the shares in Fluidra currently in circulation, as they are all ordinary shares belonging to one single class and series, grant on their holders the same political and economic rights, which are the full political and economic rights inherent in the same, set forth in the Redrafted Text of the Spanish Law on Public Limited Companies and the Company By-laws. Said rights are those set forth in section 4.5 (Description of the rights connected to securities, including any limitation of such rights, and the procedure for the exercise thereof) of the Note on the Shares.

21.2.4. Description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant that is required by law

Any modifications of the rights of the holders of the shares into which the share capital of Fluidra is divided will require the appropriate amendment to the by-laws which, should this only affect part of the shares and imply discriminatory treatment among the same, this must be approved by the majority of the shares affected. The Company By-laws of Fluidra do not contain any specific provisions regarding this point in respect of the provisions of the Redrafted Text of the Spanish Law on Public Limited Companies.

21.2.5. Description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called, including the conditions of admission

The conditions governing the manner of calling the ordinary General Meetings and extraordinary general shareholders' meetings, including attendance conditions, are set forth in the Company By-laws of Fluidra, as well as in the General Shareholders' Meeting Regulations approved by the General Shareholders' Meeting on 5 September 2007, in anticipation of the admission to trading of the shares of the company on the Stock Exchange and in order to adapt the statutory framework of the company to legal requirements and the practices of good corporate management of listed companies (the "**General Shareholders' Meeting Regulations**").

The ordinary General Meeting will meet in the first six months of each financial year to approve the corporate management, approve, where applicable, the accounts of the previous financial year and decide on the application of the results, notwithstanding its competence to deal with and decide on any other matter appearing on the agenda. Any Meetings not scheduled will be deemed to be an extraordinary General Meeting.

Pursuant to the most reform of the Spanish Law on Public Limited Companies, Meetings will be called through an announcement published in the Official Gazette of the Mercantile Registry and in one of the daily newspapers of greatest circulation in the province, at least one month in advance of the date set for the meeting to be held. The announcement of the call will express the nature, either ordinary or extraordinary, the date and place of the meeting and all the matters to be dealt with and other questions which, where applicable, should be included in the same pursuant to the provisions of the General Meeting Regulations. It may furthermore state the date on which, if applicable, the Meeting will take place on second call. Between the first and second meetings, a period of at least twenty-four (24) hours must have elapsed. Should the duly called General Meeting not take place on first call, and the date of the second not have been stated in the announcement, said second meeting must be announced with the same publicising requisites as the first, within the fifteen days following the date of the Meeting not held and eight days prior to the date of such second meeting. As regards the legal calling of the Meetings, the provisions of the Spanish Law on Public Limited Companies will likewise by abided by. The administrative body must, furthermore, call the General Meeting when thus requested by shareholders representing at least five per cent (5%) of the share capital or when a Public Acquisition Offer is made over securities issued by the company.

The shareholders may attend the General Meeting however many shares they hold, providing the legitimate title of the shareholder is evidenced prior to the holding of the General Meeting, through the corresponding registered attendance card or the document which, pursuant to Law, evidences them as shareholders, in which there will appear the number, class and series of the shares held by them, as well as the number of votes they may issue. It will be a requisite for the shareholder to have its ownership of the shares in the corresponding book-entry accounts register, five days prior to the date on which the General Meeting is to be held and to possess the corresponding attendance card or document which, pursuant to law, evidences them as shareholder. The members of the administrative body must attend the General Meetings held, although were any of them not to attend for any reason, this would not prevent under any circumstances the valid constituting of the General Meeting. The Chairperson of the Meeting may authorise the attendance of the Directors, Managers, Technicians and other persons who might have an interest in the smooth running of company matters, as well as invite any persons they might deem appropriate.

Notwithstanding the attendance of legal entity shareholders through which they might hold their power of representation, every shareholder entitled to attend may be represented at the General Meeting by another person, even if the latter is not a shareholder. Such representation should be granted in writing or through those long-distance means of communication which, duly guaranteeing the identity of the represented party and the representative, the administrative body might determine, specifically for each General Meeting, in the terms and with the scope established in the Spanish Law on Public Limited Companies and in the General Meeting Regulations. Furthermore, voting is allowed by post or other long-distance means of communication providing the vote has been received by the company before midnight of the day immediately prior to that fixed for the holding of the Meeting on first call, leaving to the power of the Board of Directors the development of the provisions establishing the rules, means and procedures in line with the state of the art, to carry out the casting of the vote and the granting of representation through electronic means, adapting itself where applicable to the norms handed down to such end. The rules of development adopted by the Board of Directors based on the provisions of this section will be published on the web page of the company.

21.2.6. Brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer

There exist no by-law provisions nor internal rules or regulations which might delay, postpone or prevent a change in the control of the company.

21.2.7. Indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed

There exists no provision in the Company By-laws of Fluidra obliging the shareholders with a significant participation to disclose such circumstance, notwithstanding the requirements established by prevailing regulations and, in particular, in Royal Decree 377/1991, of 15 March, on the Communication of Significant Participations in Listed Companies and on Acquisitions by the latter of their own shares, and in Royal Decree 1333/2005, of 11 November, on matters of market abuse.

21.2.8. Description of the conditions imposed by the memorandum and articles of association statutes, charter or by-law governing changes in the capital, where such conditions are more stringent than is required by law

The conditions to be met by modifications to the share capital of Fluidra and the respective rights over the shares of the same are governed by the provisions of the Redrafted Text of the Spanish Law on Public Limited Companies, the Company By-laws not establishing any special condition to such end.

22. MATERIAL CONTRACTS

Fluidra understands that with the exception of the contract between shareholders described below, there are no contracts besides those entered into during the course of its ordinary activities whose individual effects would be of significant importance for its financial or commercial position.

Contract between the Company's majority shareholders

Fluidra's main shareholders, that is, Dispur, S.L., Aniol S.L., Boyser, S.L., Edrem, S.L. y Bansabadell Inversió Desenvolupament, S.A.U., signed a shareholders' contract on 5 September last in order to jointly define their position with regard to the control they had over Fluidra, both in terms of the effects of their entitlement to vote and their right to syndicate certain share transfers. However, the effects of the aforementioned contract are subject to Fluidra's shares actually being listed on the Stock Market. This shareholder's agreement has a maximum duration of 7 years as of the date on which Fluidra's shares are listed. However, the provisions relating to the syndications of votes have a duration of 4 years as of the aforementioned date.

The most significant agreements in this shareholder's contract are as follows:

(i) Syndication of votes: the signatories of the agreement undertake to exercise their voting rights in Fluidra's general shareholders' meetings as instructed by the syndicate's decision-making body, known as the assembly.

The adoption of agreements by the assembly requires a 50% or more vote in favour by the syndicated shareholders who have voting rights over the syndicated shares. However, certain agreements require a qualified majority (70%) or unanimous consensus (100%) of the agreement's signatories. Should the majority required in each case not be reached, the votes cast by the signatories of the agreement at general shareholders' meetings shall go against the matter in question.

A qualified majority (that is, a 70% proportion of votes in favour by those entitled to vote in the share syndicate) is required, amongst other agreements, for those relating to: (i) statutory modifications that will result in an increase or decrease in capital (except when unanimity is required, as described in the following paragraph), the creation of non-voting shares, modifications in the nominal value of shares, the substitution or modification of the corporate purpose, etc.; (ii) changes in the management body, its number, designation, resignation or composition; (iii) the issue of credit obligations or any other debt instruments that may be converted into shares; (iv) the setting out of option plans for shares in favour of Fluidra's directors or employees; and (v) the authorisation of treasury stock transactions of up to a maximum of 2%.

Unanimous votes are required by the signatories of the agreement for, amongst other agreements, those relating to: (i) statutory modifications that will result in an increase in capital of over 10% of Fluidra's capital on the day immediately prior to the increase; (ii) conversions, mergers, demergers, etc.; (iii) the delisting of Fluidra shares; and (v) the authorisation of treasury stock transactions over and above 2%.

(ii) Restrictions on the transfer of shares: the agreement prohibits the signatories from selling or in any other way transferring the shares subject to the agreement over a 4-year period from the date Fluidra's shares are listed, except under certain circumstances.

Once the aforementioned 4-year period has expired and until the agreement has terminated, the non-transferring syndicated shareholders will enjoy preferential purchase rights in the case shares subject to the agreement are transferred.

(iii) Composition of corporate governing bodies: the agreement regulates the composition of Fluidra's board of directors and its various committees. The specific individuals who will initially make up these bodies and committees are listed in an Annex to the agreement.

(iv) Non-competition: the agreement establishes a non-competition agreement whereby the syndicated shareholders undertake not to compete with Fluidra over a 4-year period as of the date the company is listed on the stock market, unless Fluidra gives prior written consent to do so.

(v) Consequences of breach of the agreement: In the case of non-performance, the party who has breached the agreement shall be obliged to pay the other parties compensatory damages equivalent to one point five (1.5) times the highest share value over the previous twelve months prior to the breach, which shall be multiplied by the total number of syndicated shares that the party in breach holds.

The parties intend to publish the said company agreement in its entirety as required by Article 112 of the Spanish Securities Markets Law (Ley del Mercado de Valores).

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

23.1. Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document

Not applicable.

23.2. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information

Not applicable.

24. DOCUMENTS ON DISPLAY

The following documents may be inspected at the locations listed below for the life of the Issuer Information contained in this Prospectus:

24.1. The memorandum and articles of association of the Company

Fluidra's Articles of Association, Regulations of the General Meeting of Shareholders, Regulations of the Board of Directors and Internal Code of Conduct on the Securities Markets are available to the public and may be inspected at the Company's registered office in Sabadell (Barcelona), Avenida Francesc Macià, 38. The Articles of Association and Regulations of the General Meeting of Shareholders may also be inspected upon registration at the Companies Registry of Barcelona. In addition, Fluidra's Articles of Association, Regulations of the General Meeting of Shareholders, Regulations of the Board of Directors and Internal Code of Conduct on the Securities Markets may be inspected on the Company's website (www.Fluidra.es).

The deed of incorporation of Fluidra is available to the public and may be inspected at the Company's registered office, as stated above, and at Barcelona Companies Registry.

24.2. The historical financial information of the Company for each of the two financial years preceding the publication of the Registration Document

The historical financial information of Fluidra, which includes (i) Condensed Consolidated Interim Financial Statements prepared in accordance with EU-IFRS, at 30 June 2007 and 2006; (ii) Consolidated Financial Statements prepared in accordance with EU-IFRS at 31 December 2006 and 2005; (iii) Consolidated Pro Forma Financial Information at 31 December 2006; (iv) Consolidated Pro Forma Financial Information at 30 June 2006; (v) Consolidated Annual Accounts and Consolidated Managers Report according to PGC at 31 December 2005; (vi) Consolidated Annual Accounts and Consolidated Managers according to PGC at 31 December 2004 (vii) Consolidated Cash Flows at 31 December 2005 and 2004, is available to the public and may be inspected at the Company's registered office, situated at Avenida Francesc Macià, 38, Sabadell, on the CNMV's website (www.cnmv.es) and at Barcelona Companies Registry. In addition, Fluidra's historical financial information, as listed above, may be inspected on the Company's website (www.Fluidra.es).

25. INFORMATION ON HOLDINGS

Not applicable.

V. PRO FORMA FINANCIAL INFORMATION MOUDLE (ANNEX II OF COMMISSION REGULATION (EC) No. 809/2004 OF 20 APRIL 2004)

The pro forma financial information has been prepared for illustrative purposes only, and for the following purposes:

- To comply with the requirements set out in Annex II of Commission Regulation (EC) No. 809/2004 of 29 April 2004 relating to the implementation of the European Parliament and Council Directive 2003/71/EC.

- To facilitate understanding of the extent to which the consolidated financial statements of Fluidra, S.A. and subsidiary undertakings, prepared in accordance with EU-IFRS in respect of the financial year ended 31 December 2006, would be affected if the Neokem, Cepex and SNTE groups had been acquired with effect from 1 January 2006 for accounting purposes, and, consequently, to facilitate comparison of the financial figures displayed in the consolidated profit and loss account with those that will be reported in future financial years, in which the effect of the twelve months of activity of said acquired groups will be included.

- To facilitate understanding of the extent to which the consolidated financial statements of Fluidra, S.A. and subsidiary undertakings, prepared in accordance with EU-IFRS in respect of the half year ended 30 June 2006, would be affected if the Neokem, Cepex and SNTE groups had been acquired with effect from 1 January 2006 for accounting purposes, and, consequently, to facilitate comparison of the financial figures displayed in the consolidated profit and loss account with those that are shown in the interim consolidated financial statements in respect of the half year ended 30 June 2007, which includes the effect of six months of activity of said acquired groups.

Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The pro forma balance sheet and profit and loss account as at 31 December 2006 and 30 June 2006 are included below, together with an explanation of the adjustments made on said pro forma financial information. The audit firm KPMG Auditores, S.L. issued a special review report dated 17 august 2007 on the pro forma financial information as at 31 December 2006 and another special review report on 17 August 2007, on the pro forma financial information as at 30 June 2006.

a) <u>Pro forma consolidated balance sheet at 31 December 2006</u>

					Pro forma adjustments		
Assets	**Aquaria Group**	**Cepex and Neokem Groups**	**SNTE Group**		**Intra-group transactions removal**	**Amortisation adjustment**	**Pro forma balances**
Intangible fixed assets	142,915	-	-	(6)	(347)	-	142,568
Investment real estate	4,466	-	-		-	-	4,466
Goodwill	128,802	-	-		-	-	128,802
Other intangible assets	29,230	-	-	(7)	(849)	-	28,381
Investments recorded by applying the equity method	68	-	-		-	-	68
Non-current financial assets	5,348	-	-		-	-	5,348
Trade debtors and other accounts receivable	7,790	-	-		-	-	7,790
Deferred tax assets	4,733	-	-		-	-	4,733
Total non-current assets	**323,352**	**-**	**-**		**(1,196)**	**-**	**322,156**
Stock	136,441	-	-		-	-	136,441
Trade debtors and other accounts receivable	142,900	-	-		-	-	142,900
Assets for taxes on current gains	857	-	-		-	-	857
Other current financial assets	3,055	-	-		-	-	3,055
Cash and other equivalent cash means	54,347	-	-		-	-	54,347
Total current assets	**337,600**	**-**	**-**		**-**	**-**	**337,600**
TOTAL ASSETS	**660,952**	**-**	**-**		**(1,196)**	**-**	**659,756**

Equity	Aquaria Group	Cepex and Neokem Groups	SNTE Group		Pro forma adjustments: Intra-group transactions removal	Pro forma adjustments: Amortisation adjustment	Pro forma balances
Capital	112,629	-	-		-	-	112,629
Issue premium	92,831	-	-		-	-	92,831
Accumulated gains	84,125	-	-		(936)	-	83,189
Exchange rate differences	0	-	-		-	-	
Acknowledged income and expenses	(73)	-	-		-	-	(73)
Interim dividend distributed in the period	(6,500)	-	-		-	-	(6,500)
Assets attributed to holders of equity securities in the parent company	**283,012**	-	-		**(936)**	-	**282,076**
Minority interests	5,981	-	-	(9)	159	-	6,140
Total equity	**288,993**	-	-		**(777)**	-	**288,216**
Liabilities							
Financial liabilities with credit institutions	101,817	-	-		-	-	101,817
Financial derivatives	607	-	-		-	-	607
Deferred tax liabilities	30,855	-	-	(8)	(419)	-	30,436
Provisions	4,286	-	-		-	-	4,286
Official grants	202	-	-		-	-	202
Other non-current liabilities	1,570	-	-		-	-	1,570
Total non-current liabilities	**139,337**	-	-		**(419)**	-	**138,918**
Financial liabilities with credit institutions	117,574	-	-		-	-	117,574
Trade creditors and other accounts payable	111,174	-	-		-	-	111,174
Tax liabilities on current gains	3,073	-	-		-	-	3,073
Provisions	753	-	-		-	-	753
Financial derivatives	48	-	-		-	-	48
Total current liabilities	**232,622**	-	-		-	-	**232,622**
Total liabilities	**371,959**	-	-		**(419)**	-	**371,540**
TOTAL EQUITY AND LIABILITIES	**660,952**	-	-		**(1,196)**	-	**659,756**

(6-9) Reference of the pro forma adjustment (see note 4).

(*) Pro forma adjustments amount corresponding to "Profit attributed to holders of asset securities in the parent company ", according to the Pro forma consolidated profit and loss account for the period ended 31

December 2006.

b) <u>Pro forma profit and loss account for the annual period ended 31 December 2006</u>

	Aquaria Group	Cepex and Neokem Groups	SNTE Group		Pro forma adjustments		Pro forma balances
					Intra-group transactions removal	Amortisation adjustment	
Operating income							
Sales of goods and finished products	521,938	33,624	3,946	(1)	(13,330)		546,178
Income from services	9.,04	307	47				9,458
Other income	3.318	88	3				3,409
Total operating income	534,360	34,019	3,996		(13,330)		559,045
Operating expenses							
Variation of stock of finished products and products in progress and procurement of raw materials	(263,874)	(18,413)	(2,448)	(2)	13,330		(271,405)
Staff expenses	(98,811)	(5,404)	(823)				(105,038)
Amortisation expenses	(23,134)	(1,845)	(95)	(3)		(1,196)	(26,270)
Other operating expenses	(96,273)	(6,117)	(689)				(103,079)
Other expenses	(2,708)	(57)	(2)				(2,767)
Total operating expenses	(484,800)	(31,836)	(4,057)		13,330	(1,196)	(508,559)
Operating profit	**49,560**	**2,183**	**(61)**			**(1,196)**	**50,486**
Financial expenses / income							
Financial income	1,956	315	18				2,289
Financial expenses	(10,268)	(1,044)	(46)				(11.,358)
Exchange rate differences	(1,459)	277	1				(1,181)
Net financial results	**(9,771)**	**(452)**	**(27)**				**(10,250)**
Profit / (loss) sharing in the period of companies recorded in the books by applying the equity method	(77)						(77)
Profit before tax	**39,712**	**1,731**	**(88)**			**(1,196)**	**40,159**
Profit tax expenditure	(11,253)	(344)	(23)	(4)		419	(11,201)
Profit after tax	28,459	1,387	(111)			(777)	28,958
Result attributed to minority interests	(986)			(5)		(159)	(1,145)
Profit attributed to holders of equity instruments in the parent company	**27,473**	**1,387**	**(111)**			**(936)**	**27,813**
EBITDA	**72,007**	**3,997**	**33**				**76,037**

(1) - (5) Referencie of the pro forma adjustment (see note 4).

c) Pro forma consolidated balance sheet at 30 June 2006

Assets	Aquaria Group	Cepex and Neokem Groups	SNTE Group		Pro forma adjustments: Intra-group transactions removal	Pro forma adjustments: Amortisation adjustment	Pro forma balances
Intangible fixed assets	140,226	-	-	(6)	-	(347)	139,879
Inversiones inmobiliarias	4,499	-	-		-	-	4,499
Goodwill	116,539	-	-		-	-	116,539
Other intangible assets	26,635	-	-	(7)	-	(849)	25,786
Investments recorded by applying the equity method	52	-	-		-	-	52
Non-current financial assets	3,992	-	-		-	-	3,992
Other accounts receivable	7,790	-	-		-	-	7,790
Deferred tax assets	1,825	-	-		-	-	1,825
Total non-current assets	301,558	-	-		-	(1,196)	300,362
Stock	126,316	-	-		-	-	126,316
Trade debtors and other accounts receivable	256,684	-	-		-	-	256,684
Current gains tax assets	-	-	-		-	-	0
Other current financial assets	4,396	-	-		-	-	4,396
Cash and other equivalent cash means	38,251	-	-		-	-	38,251
Total current assets	425,647	-	-		-	-	425,647
TOTAL ASSETS	727,205	-	-		-	(1,196)	726,009

Equity	Aquaria Group	Cepex and Neokem Groups	SNTE Group		Pro forma adjustments: Intra-grupo transactions removal	Pro forma adjustments: Amortisation adjustment	Pro forma balances
Capital	112,629	-	-		-	-	112,629
Issue premium	92,831	-	-		-	-	92,831
Accumulated gains	81,062	-	-		(936)	-	80,126
Acknowledged income and expenses	(480)	-	-		-	-	(480)
Interim dividend distributed in the year	(6,500)	-	-		-	-	(6,500)
Equity attributed to holders of equity securities in the parent company	279.542	-	-		-	(936)	-
Minority interests	5,305	-	-	(9)	159	-	5,464
Total equity	284,847	-	-		(777)	-	284,070
Liabilities							
Financial liabilities with credit institutions	99,486	-	-		-	-	99,486
Financial derivatives	600	-	-		-	-	600
Deferred tax liabilities	26,389	-	-	(8)	(419)	-	25,970
Provisions	3,269	-	-		-	-	3,269
Official grants	210	-	-		-	-	210
Other non-current liabilities	1,376	-	-		-	-	1,376
Total non-current liabilities	131,330	-	-		(419)	-	130,911
Financial liabilities with credit institutions	138,351	-	-		-	-	138,351
Trade creditors and other accounts payable	154,608	-	-		-	-	154,608
Current gains tax liabilities	17,492	-	-		-	-	17,492
Provisions	328	-	-		-	-	328
Financial derivatives	249	-	-		-	-	249
Total current liabilities	311,028	-	-		-	-	311,028

TOTAL NET EQUITY AND LIABILITIES	727,205	-	-	(1,196)	-	726,009

d) Pro forma profit and loss for the interim period ended 30 June 2006

	Aquaria Group	Cepex and Neokem Groups	SNTE Group		Pro forma adjustments: Intra-group transactions removal	Pro forma adjustments: Amortisation adjustment	Pro forma balance
Operating income							
Sales of goods and finished products	301,072	33,624	3,946	(1)	(13,330)	-	325.312
Income from services	3,658	307	47		-	-	4.012
Other income	1,385	88	3		-	-	1.476
Total operating income	306,115	34,019	3,996		-13,330	-	330.800
Operating expenses							
Variation of stock of finished products and products in progress and procurements of raw materials	(156,524)	(18,413)	(2,448)	(2)	13,330	-	(164.055)
Staff expenses	(45,742)	(5,404)	(823)		-	-	(51.969)
Amortisation expenses	(10,117)	(1,845)	(95)	(3)	-	(1,196)	(13.253)
Other operating expenses	(49,208)	(6,117)	(689)		-	-	(56.014)
Otros expenses	(1,381)	(57)	(2)		-	-	(1.440)
Total operating expenses	(262,972)	(31,836)	(4,057)		13,330	(1,196)	(286.731)
Operating profit	**43,143**	**2,183**	**(61)**		**-**	**(1,196)**	**44.069**
Financial expenses / income							
Financial income	638	315	18		-	-	971
Financial expenses	(4,812)	(1,044)	(46)		-	-	(5.902)
Exchange rate differences	(901)	277	1		-	-	(623)
Net financial results	**(5,075)**	**(452)**	**(27)**		**-**	**-**	**(5.554)**
Profit /(loss) sharing in the year of companies entered into the books by applying the equity method	(47)	-	-		-	-	(47)
Profit before tax	**38,021**	**1,731**	**(88)**		**-**	**(1,196)**	**38.468**
Profit tax expenditure	(12,987)	(344)	(23)	(4)	-	419	(12.935)
Profit after tax	**25,034**	**1,387**	**(111)**		-	**(777)**	**25.533**
Result attributed to minority interests	(624)	-	-	(5)	-	(159)	(783)
Profit attributed to holders of equity instruments in the parent company	**24.410**	**1,387**	**(111)**		-	**(936)**	**24,750**
EBITDA	**53.209**	**3,997**	**33**		-	-	**57,239**

Explanatory notes relating to the pro forma financial information as at 31 December 2006 and to the pro forma financial information as at 30 June 2006

1. Description of the Transaction and purpose of the proforma financial information

On 28 February 2006 and 30 March 2006, respectively, the Company acquired 100% of the share capital of SNTE Agua Group, S.A. and subsidiary undertakings (SNTE), engaged in the processing of water and the business activities carried on by Neokem Grup, S.A. and subsidiary undertakings (Neokem), and Cepex Holding, S.A. and subsidiary undertakings (Cepex), engaged primarily in the irrigation, treatment and purification of water. These acquisitions were made following a decision to incorporate a new business unit made up of the above-mentioned companies, named Water, into the already existing Pool division.

Because of the relevance of such acquisitions, the Company Directors have prepared this consolidated pro forma financial information with the aim of facilitating the understanding of the extent to which the consolidated financial statements of Fluidra and subsidiary undertakings, prepared in accordance with EU-IFRS in respect of the financial year ended 31 December 2006 would be affected if the Neokem, Cepex and SNTE groups had been acquired with effect from 1 January 2006 for accounting purposes, and, consequently, to facilitate comparison of the financial figures displayed in the consolidated profit and loss account with those that will be reported in the annual accounts for the financial year 2007, the first period that will include the effect of the twelve months of activity of the groups acquired.

The Company directors have also prepared pro forma consolidated financial information in order to facilitate the understanding of how the consolidated financial statements of Fluidra and subsidiary undertakings, prepared in accordance with EU-IFRS, for the six-month period ended 30 June 2006, would be affected if the acquisition of the Neokem, Cepex and SNTE groups had been made with effect from 1 January 2006 for accounting purposes, and, consequently, to facilitate comparison of the financial figures displayed in the consolidated profit and loss account with those of the condensed consolidated interim financial statements for the six-month period ended 30 June 2007, which period includes the effect of the six months of activity of the groups acquired.

2. Basis of presentation

The Company Executives deemed it unnecessary to include notes explaining the different sections of the pro forma financial statements, or details about the accounting principles and valuation system applied in the drafting of them in this report. They also deemed it unnecessary to include notes concerning the regulations and interpretations that were not applied, given that they are set out in the pro forma consolidated financial statements for the financial years ending on the 31st December 2006 and 2005, formulated on the 15 June 2007, and drafted in accordance with International Financial Reporting Standards, adopted by the European Union.

These pro forma consolidated financial statements have been drafted using the principle of historical cost, except for financial derivatives and for certain financial assets available for the sale, in which case, fair value has been used.

When drafting of the pro forma consolidated financial statements the Group's Management is required make judgements, estimates and assumptions that affect the rules applied to and amounts listed for assets, liabilities, revenue and costs as well as their effective dates. The estimates and assumptions made are based on past experience and other factors justifiable under the circumstances.

In the Group's consolidated financial statements for the 2006 financial year, carried out in accordance with the NIIF-UE, estimates made by Management have be used on occasion (having been ratified beforehand by it's Board of Directors) to quantify some of the company assets, liabilities, revenue, costs and financial commitments registered in said financial statements. These estimates essentially refer to:

- The life-span of client portfolios and other intangible assets
- The hypotheses used to determine value of the different Cash Generation Units (CGU) or group of them to evaluate the fall in value of goodwill or other assets, and
- The fair value of financial instruments and certain unlisted assets.

Although these estimates were made using the most accurate data analysis information available on the 31 December 2006 and the 30 June 2006, it is possible that future events may mean that modifications (increases or reductions) made need to be made to them in future financial years. These modifications will be made in accordance with the terms established under NIC 8, as a forecast and recognising the effect of changing the estimate on the corresponding consolidated profit and loss account.

During the 2006 financial year, no modifications needed to be made to the judgements and financial estimates used by the Company in previous financial years.

a) Information sources

Details of the pro forma adjustments used to make up each column for the pro forma consolidated financial information:

- Aquaria Group: this corresponds to the consolidated financial statements audited at 31 December 2006 and to the condensed consolidated interim financial statements at 30 June 2006 of Fluidra, S.A. and subsidiary undertakings, prepared in accordance with EU-IFRS. The audit report on these consolidated financial statements at 31 December 2006 issued on 18 July 2007 by KPMG Auditores, S.L. stated an unqualified opinion. The condensed consolidated interim financial statements at 30 June 2006 have been the subject of a limited review by KPGM Auditores, S.L., which issued a special report on the said inteirm financial information on 13 August 2007. Given that the consolidated financial statements for the 2006 period wre the first ones that the Group prepared in accordance with EU-IFRS, IFRS 1 has been applied "Adoption of the International Financial Reporting Standards for the first time", being the 1st of January 2005 the transition date.
- Cepex and Neokem Groups and SNTE Group: this corresponds to the figures of the three-month period of activity of the Neokem and Cepex Groups, and two months of the SNTE Group, which have been the subject of a limited review by KPGM Auditores, S.L., which issued a special report on 2 July 2007.

3. Hypotheses used

Goodwill, assets acquired and liabilities taken on by the Aquaria Group as a consequence of the acquisition of the groups mentioned in note 1, were calculated on the date of incorporation and the consequent amounts are considered to have taken effect on the 1st January 2006. Given the difference in the dates of incorporation of these groups to the Aquaria Group, the differences arising between goodwill that would have been generated if the acquisition had taken place on the 1st January 2006 and the goodwill generated during 2006, the section concerning net worth has been adjusted. However, this adjustment is not reflected in the Balance Sheet as it resulted in equal positive and negative effects and in the same figure for Accumulated Earnings.

4. Pro forma adjustments

Details of the pro forma adjustments used to make up each column for the pro forma consolidated financial information:

- Elimination of inter-group transactions: corresponding to the elimination of transactions carried out between the Neokem and Cepex Groups and the Aquaria Group companies over a three months business period and transaction between the SNTE Group (WATER column) and Aquaria Group companies during a two month business period proceeding the date of their acquisition by the Aquaria Group. It also includes the elimination of transactions carried out between Cepex, Neokem and SNTE Groups, and SNTE Groups. The financial record stands as follows:

	(*)	Thousands of euros	
		Debit	Credit
Sale of goods and finished products	(1) P and G	13.330	-
Variation in stocks of finished product and in process		-	-
and supplies of raw materials	(2) P and G	-	13.330
		13.330	13.330

BS: Balance sheet

P and G:Profit and loss account

(*) Reference of the pro forma adjustment (see pro forma consolidated profit and loss account and pro forma consolidated balance sheet)

- Depreciation adjustments: corresponds to the depreciation costs resulting from the assigning of value to the assets acquired from Cepex over three months in 2006 and those acquired from Neokem over two months in 2006 (see note 3). The financial record stands as follows:

		Thousands of euros	
		Debit	Credit
Tangible fixed assets amortisation expenses	(3) P and L	347	-
Other intangible assets amortisation expenses	(3) P and L	849	-
Expenditure due to capital gains tax	(4) P and L	-	419
Tangible fixed assets	(6) BS	-	347
Other intangible assets	(7) BS	-	849
Liabilities due to deferred taxes	(8) BS	419	-
Result attributed to minority interests	(5) P and L	159	
Minority interests	(9) BS		159
		1.774	1.774

BS: Balance sheet

P and G: Profit and loss account

(*) Reference of the pro forma adjustment (see pro forma consolidated profit

and loss account and pro forma consolidated balance sheet)

5. Standardisation

In order for the pro forma consolidated profit and loss account to be comparable with those that will be presented in financial statements of future periods, , a sum of 2,785 thousand euros (1,810 thousand euros after tax) must be taken into account, placing the result of the pro forma consolidated profit or loss at 30 June 2006 before tax and EBITDA at 41,253 and 60,024 thousands of euros, respectively, and the profit before tax and EBITDA of the pro forma consolidated profit and loss account at 31 December 2006 in an amount of 42,944 and 78,822 thousand euros, respectively.

The aforementioned standardisation results from a reduced profit or loss result for 2006 due to elimination of the unmet margin incorporated (outside of the consolidated accounting requirements) in the value of stock held at the end of the 2006 financial year and coming from the Cepex, Neokem, and SNTE.

In subsequent financial years, and on the basis of similar levels of business activity, the result of the balance sheet will be reduced by the corresponding elimination of the unmet margin. However, this reduction will be compensated for by the reversal of the reduction that occurred for the previous financial year. As a consequence, the amount of 2,785 thousands of euros corresponds with the reversal of the elimination of the unmet margin incorporated in the value of stock held by Cepex, Neokem and SNTE Groups at the end of the 2005 financial year. This stock will have been incorporated in the financial records of that date.

Made in Sabadell, 11 October 2007,

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Mr. Eloy Planes Corts