FLUIDRA, S.A.
AND SUBSIDIARIES

Consolidated Annual Accounts and Consolidated Directors' Report

31 December 2015

(With Independent Consolidated Auditors' Report Thereon)

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

Fluidra, S.A. and Subsidiaries
Consolidated Annual Accounts
31 December 2015 and 2014
(Expressed in thousands of Euros)

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Financial Position
31 December 2015 and 2014
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Assets	Note	31/12/2015	31/12/2014
Property, plant and equipment	6	101,612	104,136
Investment property	8	1,551	1,073
Goodwill	7	190,655	182,796
Other intangible assets	7	41,766	37,265
Equity-accounted investees	9	93	96
Non-current financial assets	10	5,319	5,432
Derivative financial instruments	11	-	16
Other receivables	13	2,851	1,974
Deferred tax assets	28	33,317	33,283
Total non-current assets		377,164	366,071
Inventories	12	148,214	137,937
Trade and other receivables	13	146,208	135,857
Other current financial assets	10	7,267	2,559
Derivative financial instruments	11	714	492
Cash and cash equivalents	14	67,353	54,665
Total current assets		369,756	331,510
TOTAL ASSETS		746,920	697,581
Equity			
Capital		112,629	112,629
Share premium		92,831	92,831
Retained earnings and other reserves		104,318	97,587
Own shares		(1,561)	(665)
Other comprehensive income		8,944	3,214
Equity attributable to shareholders of the Parent	15	317,161	305,596
Non-controlling interests		14,884	15,457
Total equity		332,045	321,053
Liabilities			
Loans and borrowings	18	175,776	117,664
Derivative financial instruments	11	1,507	1,207
Deferred tax liabilities	28	24,525	22,581
Provisions	17	8,673	8,014
Government grants		915	1,158
Other non-current liabilities	20	8,494	26,422
Total non-current liabilities		219,890	177,046
Loans and borrowings	18	65,595	95,814
Trade and other payables	19	124,438	99,842
Provisions	17	4,872	3,711
Derivative financial instruments	11	80	115
Total current liabilities		194,985	199,482
TOTAL EQUITY AND LIABILITIES		746,920	697,581

	Note	31/12/2015	31/12/2014
Operating income			

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2015.

Fluidra, S.A. and Subsidiaries

Consolidated Income Statements
31 December 2015 and 2014
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Sale of merchandise and finished goods		647,296	593,804
Services rendered	23	14,485	11,334
Non-current self-constructed assets		5,195	4,779
Total operating income		666,976	609,917
Operating expenses			
Changes in inventories of finished goods and work in progress. and supplies of raw materials	22	(319,430)	(291,608)
Personnel expenses	24	(144,697)	(137,023)
Depreciation and amortisation and impairment	6, 7, 8 and 10	(46,045)	(41,022)
Other operating expenses	25	(131,304)	(124,304)
Total operating expenses		(641,476)	(593,957)
Other gains			
Profit on sale of fixed assets	5 and 6	570	5,469
Total other gains		570	5,469
Operating profit		26,070	21,429
Finance income/(costs)			
Finance income		9,998	10,138
Finance costs		(14,257)	(18,382)
Exchange losses		(1,374)	(1,149)
Net finance cost	27	(5,633)	(9,393)
Share of profit/(loss) of equity-accounted investees	9	36	39
Pre-tax profit from continuing operations		20,473	12,075
Income tax expense	28	(6,258)	(3,543)
Post-tax profit from continuing operations		14,215	8,532
Profit attributable to non-controlling interests		1,218	1,890
Profit for the year attributable to equity holders of the Parent		12,997	6,642
EBITDA	34	72,151	65,673
Basic and diluted earnings per share (Euros)	16	0.11563	0.05911

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2015.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Comprehensive Income
for the years ended 31 December 2015 and 2014
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

		31/12/2015	31/12/2014
Profit for the year		14,215	8,532
Other comprehensive income:			
Items not to be reclassified in profit or loss			
Remeasurements of defined benefit plans		-	(32)
Tax effect		-	8
Items to be reclassified in profit or loss			
Cash flow hedges	Note 11	(294)	(72)
Translation differences of financial statements of foreign operations		5,900	10,588
Tax effect		76	(39)
		5,682	10,453
Other comprehensive income for the year, net of income tax			
		19,897	18,985
Total comprehensive income for the year			
Total comprehensive income attributable to:			
Equity holders of the Parent		18,866	16,596
Non-controlling interests		1,031	2,389
		19,897	18,985

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2015.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Changes in Equity
for the years ended 31 December 2015 and 2014
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Equity attributable to equity holders of the Parent									
						Other comprehensive income				
	Capital	Share premium	Legal reserve	Retained earnings	Own shares	Translation differences	Other	Total	Non-controlling interests	Total equity
Balance at 1 January 2014	112,629	92,831	10,639	81,437	(697)	(5,835)	(905)	290,099	13,002	303,101
Profit for the year	-	-	-	6,642	-	-	-	6,642	1,890	8,532
Other comprehensive income	-	-	-	-	-	10,090	(136)	9,954	499	10,453
Total comprehensive income for the year	-	-	-	6,642	-	10,090	(136)	16,596	2,389	18,985
Derecognition of entities	-	-	-	-	-	-	-	-	(8)	(8)
Changes in investments	-	-	-	(1,168)	-	-	-	(1,168)	1,168	-
Own shares	-	-	-	(240)	32	-	-	(208)	-	(208)
Share-based payments	-	-	-	313	-	-	-	313	-	313
Other	-	-	469	(505)	-	-	-	(36)	(7)	(41)
Dividend	-	-	-	-	-	-	-	-	(1,087)	(1,087)
Balance at 31 December 2014	112,629	92,831	11,108	86,479	(665)	4,255	(1,041)	305,596	15,457	321,053
Profit for the year	-	-	-	12,997	-	-	-	12,997	1,218	14,215
Other comprehensive income	-	-	-	-	-	6,087	(218)	5,869	(187)	5,682
Total comprehensive income for the year	-	-	-	12,997	-	6,087	(218)	18,866	1,031	19,897
Additions of entities	-	-	-	-	-	-	-	-	4	4
Derecognition of entities	-	-	-	139	-	(139)	-	-	(4)	(4)
Changes in investments	-	-	-	(202)	-	-	-	(202)	492	290
Own shares	-	-	-	(11)	(896)	-	-	(907)	-	(907)
Share-based payments	-	-	-	508	-	-	-	508	-	508
Other	-	-	-	-	-	-	-	-	10	10
Dividend	-	-	-	(6,700)	-	-	-	(6,700)	(2,106)	(8,806)
Balance at 31 December 2015	112,629	92,831	11,108	93,210	(1,561)	10,203	(1,259)	317,161	14,884	332,045

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2015.

Fluidra, S.A. and Subsidiaries

Consolidated Statements of Cash Flows
for the years ended 31 December 2015 and 2014

(Expressed in thousands of Euros)

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

	Note	2015	2014
Cash flows from operating activities			
Profit for the year before tax		20.473	12.075
Adjustments for:			
Amortisation and depreciation	6, 7 and 8	35.418	37.452
Provision for bad debts	13	5.055	8.897
Provision for/(reversal of) impairment losses on assets	6 and 7	10.632	3.569
Provision for/(reversal of) impairment losses on financial assets	27	551	536
Provision for/(reversal of) losses on liabilities and charges	17	1.167	1.406
Provision for/(reversal of) losses on inventories	22	917	(368)
Proceeds from financial assets	27	(121)	(955)
Finance costs	27	12.005	17.802
(Profit)/losses on sale of associates	27	-	-
Exchange (gains)/losses		3.908	3.198
Share of profit/(loss) of associates	9	(36)	(39)
(Profit)/loss on sale of property, plant and equipment		(233)	(3.291)
(Profit)/loss on sale of subsidiaries		(337)	(2.178)
Government grants recognised in profit and loss		(178)	(159)
Share-based payment costs		508	313
Adjustments to consideration given against gains/losses on business combinations	27	(9.128)	(7.901)
(Gains)/losses from derivative financial instruments at fair value through profit or loss	11	(280)	(1.087)
Operating profit before changes in working capital		80.321	69.270
Changes in working capital, excluding effects of acquisitions and translation differences			
Change in trade and other receivables		(8.517)	(7.727)
Increase/(decrease) in inventories	22	(4.700)	(7.349)
Change in trade and other payables		5.319	11.861
Application of provisions	17	(1.382)	(319)
Cash from operating activities		71.041	65.736
Interest paid		(8.321)	(11.821)
Interest received		121	955
Income tax paid		(10.009)	(7.773)
Net cash from operating activities		52.832	47.097
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		477	4.850
Proceeds from sale of other intangible assets		5	1
Proceeds from sale of financial assets		766	538
Dividends received		39	31
Translation differences		0	0
Sale of subsidiaries, net of cash drawn down		(231)	6.645
Acquisition of property, plant and equipment		(14.552)	(12.130)
Acquisition of intangible assets		(11.686)	(7.389)
Acquisition of other financial assets		(5.922)	(2.595)
Payments for acquisition of subsidiaries, net of cash and cash equivalents	5	(12.937)	0
Payments for acquisitions of subsidiaries in prior years	5	(2.462)	(2.334)
Net cash used in investing activities		(46.503)	(12.383)
Cash flows from financing activities			
Proceeds from capital issues			
Payments for surrender of own shares		(1.735)	(1.218)
Proceeds from own shares		894	1.346
Payments for purchase/redemption of non-controlling interests			
Grants		0	87
Proceeds from bank borrowings		164.462	20.233
Repayment of interest-bearing borrowings and payment of finance lease liabilities		(150.467)	(61.095)
Dividends paid		(8.806)	(1.087)
Net cash from financing activities		4.348	(41.734)
Net increase/decrease in cash and cash equivalents		10.677	(7.020)
Cash and cash equivalents at 1 January		54.665	59.850
Effect of exchange differences on cash flows		2.011	1.835
Cash and cash equivalents at 31 December		67.353	54.665

The accompanying notes form an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2015.

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

1. Nature, Principal Activities and Group Composition

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

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

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

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

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

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

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

2. Basis of Presentation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Fluidra, S.A. and of the Group entities. The consolidated annual accounts for 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to present fairly the consolidated equity and consolidated financial position of Fluidra, S.A. and subsidiaries at 31 December 2015 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

a) Basis of preparation of the consolidated annual accounts

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

b) Comparative information

The accompanying consolidated annual accounts for 2015 also include for each individual caption of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and disclosures in the notes to the consolidated accounts, comparative consolidated figures from the consolidated annual accounts for 2014, approved by the shareholders at their general meeting on 5 May 2015.

The Group's accounting policies, described in note 3, have been consistently applied to the year ended 31 December 2015 and to the accompanying comparative information at 31 December 2014.

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

The directors of the Parent consider that the consolidated annual accounts for 2015, authorised for issue on 30 March 2016, will be approved with no changes by the shareholders at their annual general meeting.

(Continued)

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

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

The Group's consolidated annual accounts for 2015 include estimates of the value of assets, liabilities, income, expenses and commitments recognised therein. These relevant accounting estimates and assumptions mainly comprise:

- The useful life and fair value of customer portfolios and other intangible assets (see note 7).
- Assumptions used to calculate the value in use of various Cash Generating Units (CGU) or groups of CGUs to measure the possible impairment of goodwill or other assets (see note 7).
- Evaluation of the technical and commercial viability of development projects underway (see notes 3) d ii) and 7),
- Estimate of the provisions for bad debts and inventory obsolescence (see notes 3 h) j), 12 and 13).
- Fair value of financial instruments and certain unquoted financial assets (see notes 10 and 11).
- Assumptions used to determine the fair value of the assets, liabilities and contingent liabilities related to the Aqua and Waterlinx business combination (see notes 19 and 20).
- The fair value of the Company's share ownership obligations with management (see notes 3 p) and 29 b)).
- Estimates and judgements in relation to the provisions for litigation (see notes 3 o) and 17).
- Evaluation of the recoverability of tax credits, including prior years' tax losses and entitlements to deductions. Deferred tax assets are recognised when taxable profits will be available against which temporary differences can be utilised, based on management assumptions in relation to the amount and timing of payments of future taxable profits. Furthermore, as regards the capitalisation of deferred tax assets relating to investments in Group companies, consideration is given as to whether they will be reversed in the foreseeable future (see notes 3 r) and 28).

Although estimates were based on the best information available at 31 December 2015, future events may require these estimates to be modified (increased or decreased) in subsequent periods or years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

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

- Reasons justifying the transfer of risks and rewards in leases or the derecognition of financial assets or financial liabilities (see notes 3 g) and 26),
- Reasons justifying the classification of assets as investment property (see notes 3 e) and 8).
- Criteria for testing for impairment of financial assets (see notes 3 h) vii) and 13) and,
- Reasons justifying the capitalisation of development projects (see notes 3 d) ii) and 7).

d) Changes to IFRS-EU in 2015

The following accounting standards (IFRS) and interpretations (IFRIC) became effective in the accounting period beginning 1 January 2015 but have not had a significant impact on the Group or have not been applied by the Group in these consolidated annual accounts:

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- IFRIC 21 Levies. Effective for annual periods beginning on or after 17 June 2014.
- Improvements Project 2011-2013
  - IFRS 1 Definition of IFRSs applicable.
  - IFRS 3 Scope of the exemption for joint ventures.
  - IFRS 13 Scope of the exemption for applying portfolio measurement criteria to contracts for the purchase or sale of goods.
  - IAS 40 Clarification of the interaction between IAS 40 and IFRS 3 to identify a business.

  Effective for annual periods beginning on or after 1 January 2015.

These consolidated annual accounts have been prepared without considering the IFRS-EU, amendments thereto and interpretations thereof issued effective for periods beginning on or after 1 January 2016 detailed below:

- Defined benefit plans: Employee contributions. Effective for annual periods beginning on or after 1 February 2015.
- Improvements Project 2010-2012
  - IFRS 2 Definition of vesting, service and market conditions.
  - IFRS 3 Subsequent measurement of contingent consideration.
  - IFRS 8 Disclosure of judgements by management for the aggregation of operating segments, identification of aggregated segments and reconciliation of assets from the operating segments to total assets if reporting to the chief operating decision maker.
  - IFRS 13 Measurement of current receivables and payables.
  - IAS 16 and 13 Methods for the recognition of the revalued amount.
  - IAS 24 Disclosures on outsourcing of senior management functions to another company.

  Effective for annual periods beginning on or after 1 February 2015.

- Clarification of acceptable methods of depreciation and amortisation. Effective prospectively from 1 January 2016.
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (prospectively, for transactions occurring in periods beginning on or after 1 January 2016).
- Improvements Project 2012-2014
  - IFRS 5 Measurement and classification of non-current assets reclassified from held for sale to held for distribution.
  - IFRS 7 Disclosures on continuing involvement.
  - IAS 19 On the discount rate and currency to be used in the absence of high quality corporate bonds.
  - IAS 34 On the use of cross-references to the directors' report in the interim report.

  Effective for annual periods beginning on or after 1 January 2016.

- Disclosure initiatives: Amendments to IAS 1. Effective for annual periods beginning on or after 1 January 2016.

(Continued)

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

3. Significant Accounting Principles

A summary of the most significant principles is as follows:

a) Consolidation principles

i) Subsidiaries and business combinations

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

The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance. (IFRS 10.6, 10 & 15)

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

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

Business combinations carried out prior to 1 January 2010

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

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

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

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

(Continued)

Business combinations carried out after 1 January 2010

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

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

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

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

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

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

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

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

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

ii) Non-controlling interests

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

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

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

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

Transactions with non-controlling interests.

The increase and reduction of non-controlling interests in a subsidiary in which control is retained is recognised as an equity instrument transaction. Consequently, no new acquisition cost arises in increases nor is a gain recorded on reductions; rather, the difference between the consideration given or received and the carrying amount of the non-controlling interests is recognised in the reserves of the investor, notwithstanding the reclassification of consolidation reserves and the reallocation of other comprehensive income between the Group and the non-controlling interests. When a Group's interest in a subsidiary diminishes, non-controlling interests are recognised at their share of the consolidated net assets.

Put options extended prior to 1 January 2010

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

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

Put options extended after 1 January 2010

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

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

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

iii) Associates

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

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

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

iv) Impairment

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

b) Foreign currency

i) Functional and presentation currency

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

ii) Foreign currency transactions and balances

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

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

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

iii) Translation of foreign operations

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

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

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

Translation differences relating to foreign operations recognised in other comprehensive income are released jointly into the income statement upon disposal.

(Continued)

c) Property, plant and equipment

i) Assets for own use

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

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

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

ii) Leased properties

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

iii) Subsequent costs

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

iv) Depreciation

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

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

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

(Continued)

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

v) Impairment

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

d) Intangible assets

i) Goodwill

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

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

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

Internally generated goodwill is not recognised as an asset.

ii) Internally generated intangible assets

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

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

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

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

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

iii) Intangible assets acquired in business combinations

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

(Continued)

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

iv) Other intangible assets

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

v) Useful life and amortisation rates

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

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

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

	Amortisation method	Estimated years of useful life
Development expenses	Straight line	3-4
Industrial property and patents	Straight line	5-10
Computer software	Straight line	3-5
Customer portfolio	Straight line	3-20
Other intangible assets	Straight line	5-10

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

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

vi) Impairment

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

e) Investment property

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

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

f) Impairment of non-financial assets

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

(Continued)

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

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

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

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

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

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

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

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

g) Leases

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

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

i) Finance leases

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

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

(Continued)

ii) Operating leases

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

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

h) Financial instruments

i) Classification of financial instruments

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

For the purpose of measurement, financial instruments are classified as financial assets and financial liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets and financial liabilities carried at amortised cost. Financial instruments are classified into different categories based on the nature of the instruments and the Group's intentions on initial recognition.

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

ii) Offsetting principles

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

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

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

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

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

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

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

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

(Continued)

iv) Loans and receivables

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

v) Available-for-sale financial assets

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

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

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

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

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

vi) Amortised cost

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When the variable to which the commissions, basis points paid or received, transaction costs, premiums or discounts relate is repriced to market rates before the expected maturity of the instrument, the amortisation period is the period to the next such repricing date.

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

vii) Impairment and uncollectibility of financial assets

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

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

(Continued)

- *Impairment of financial assets carried at amortised cost*

In the case of financial assets carried at amortised cost, the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised. The impairment loss is reversed against the allowance account.

- *Impairment of financial assets carried at cost*

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

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

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

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

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

viii) Financial liabilities

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

ix) Derecognition of financial assets

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

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

(Continued)

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

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

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

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

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

- If the Group has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.

- If the Group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement therein and recognises an associated liability.

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

i) Derivatives and hedge accounting

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

Derivative financial instruments are initially recognised at fair value.

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

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

The Group recognises the portion of the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in other consolidated comprehensive income. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised with a debit or credit to finance costs or finance income.

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

(Continued)

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

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

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

j) Inventories

Inventories are measured at the lower of cost of purchase or production and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, such as interest incorporated into the nominal amount, plus any additional costs incurred to bring the goods to a saleable condition and other costs directly attributable to the acquisition, as well as borrowing costs and indirect taxes not recoverable from the Spanish taxation authorities.

Trade discounts are recognised as a reduction in cost of inventories when it is probable that the conditions for discounts to be received will be met. Unallocated discounts are recognised in the consolidated income statement as a decrease in the purchase.

The production cost of inventories comprises the purchase price of raw materials and consumables, costs directly related to the units of production and systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed indirect overheads is based on the higher of normal production capacity or actual production.

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

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

The cost of inventories is written down against profit and loss when it exceeds net realisable value. For this purpose, net realisable value is as follows:

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

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

k) Cash and cash equivalents

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

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

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

l) Equity instruments

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

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

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

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

m) Government grants

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

i) Capital grants

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

ii) Operating grants

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

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

iii) Interest rate grants

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

n) Employee benefits

i) Termination benefits

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

(Continued)

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

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; and the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

If the termination benefits are not expected to be settled wholly before 12 months after the end of the annual reporting period, the liability is discounted by reference to market yields on high quality corporate bonds.

ii) Restructuring-related termination benefits

Restructuring-related termination benefits are recognised when the Group has a constructive obligation; that is, when it has a detailed formal plan for the restructuring identifying at least: the business or part of a business concerned; the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services; the expenditures that will be undertaken; and when the plan will be implemented and a valid expectation has been raised in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

iii) Other long-term employee benefits

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

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

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

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

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

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

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

(Continued)

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

iv) Short-term employee benefits

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

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

o) Provisions

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

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

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

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

p) Share-based payment transactions

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

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

Equity-settled payment transactions are recognised as follows:

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

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

(Continued)

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

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

q) Revenue recognition

Revenue from the sale of goods or services is measured at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the nominal amount of the consideration, are recognised as a reduction in the consideration. Discounts granted to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met.

i) Sale of goods

The Group recognises revenue from the sale of goods when:

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

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

ii) Services rendered

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

iii) Dividend income

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

(Continued)

r) Income tax

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

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

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

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

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

The Spanish taxation authorities have granted a consolidated tax regime to Fluidra, S.A. and a number of other subsidiaries of the Company. This regime establishes that the taxable income calculated individually for the companies included in Appendix I (except for non-resident companies in Spain and resident companies out of the Basque country, which file individual tax returns: Productes Elastòmers, S.A. and ID Electroquímica, S.L.) is included in the consolidated taxable income of Fluidra, S.A., which is considered the Parent of the consolidated tax group. Likewise, the Basque Country taxation authorities have granted a consolidated tax regime to Swimco Corp, S.L. and its consolidated subsidiaries (except for non-resident companies in the Basque Country). Likewise, certain Group subsidiaries domiciled outside Spain have a consolidated tax regime. The tax groups of these subsidiaries are as follows:

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

i) Recognition of taxable temporary differences

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

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

ii) Recognition of deductible temporary differences

Deferred tax assets are recognised provided that:

- It is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.
- The deductible temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient taxable profit is expected to be generated against which the temporary differences can be offset.

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

iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the consolidated statement of financial position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

iv) Offset and classification

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

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

s) Offsetting of assets and liabilities, income and expenses

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

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

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

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months after the reporting date.

(Continued)

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

u) Segment reporting

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

v) Environmental issues

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

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

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

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

4. Segment Reporting

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

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

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

(Continued)

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

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

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

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

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

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

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

Details of financial information by the Group's business segments for 2015 and 2014 are shown in Appendices II and III of these consolidated annual accounts.

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

Details of operations involving the most significant business combinations during 2015 and 2014 are as follows:

2015

On 23 February 2015 the Group acquired the chemical products distribution businesses of the Australian company Price Chemicals Pty Ltd.

The acquisition of these lines of business included the customer portfolio, brands, property, plant and equipment, distribution licences, inventories, personnel and other assets and liabilities associated with these activities.

The business of Price Chemicals Pty Ltd was acquired by Fluidra Investments Pty Ltd (later Price Chemicals Pty Ltd), a company incorporated by the Group, domiciled in Australia.

An initial amount of Euros 1,762 thousand was paid for this acquisition, and the contract provided for contingent amounts subject mainly to the results obtained in 2015-2018 from the businesses acquired. The Group has recognised Euros 1,908 thousand related to this contingent consideration at the acquisition date. The Group has estimated a fair value for this contingent consideration, weighting all possible outcomes by their estimated associated probabilities. The agreement does not establish a maximum amount payable.

The acquired business generated consolidated sales of merchandise and finished goods and a consolidated loss after tax for the period from the date of acquisition to 31 December 2015 of Euros 2,907 thousand and Euros 1,043 thousand, respectively.

Had this acquisition taken place on 1 January 2015, sales of the Group's merchandise and finished goods would have been increased by Euros 1,330 thousand and the consolidated profit after tax would have been reduced by Euros 477 thousand.

Due to the commercial and management synergies generated, this acquisition has been included in the CGU of Astral Holdings Australia, Pty Ltd and subsidiaries.

(Continued)

On 29 July 2015, the Group initiated the acquisition of a 72% interest in the capital of the Waterlinx Group, a pool manufacturer and distributor in the South African market. With this acquisition, Fluidra has consolidated its presence in the southern cone of the African continent, where the Group had a small subsidiary until that date.

This acquisition was subject to a number of conditions precedent, which were all met on 17 September 2015.

The acquired business generated consolidated sales of merchandise and finished goods and consolidated profit after tax for the period from the date of acquisition to 31 December 2015 of Euros 18,216 thousand and Euros 1,440 thousand, respectively.

Sales of merchandise and finished goods of the Waterlinx Group for the year ended 31 July 2015 amounted to Euros 30.6 million, and its main domestic and export market is the southern hemisphere. Post-tax profits for the year ended 31 July 2015 totalled Euros 1,046 thousand.

On 17 September 2015 two crossed options for 15% of capital were signed with the main shareholders, and for a 13% interest with three key executives of the Waterlinx Group.

The sale and purchase options for the 15% interest signed with the majority shareholders can be exercised between 1 January 2018 and 31 December 2018. The Group has estimated and recognised the fair value of this liability at Euros 1,952 thousand and has derecognised the carrying amount of non-controlling interests.

The crossed options with the three key management personnel of the acquired Group can be exercised when they decide to leave the Group. The Group has estimated and recognised the fair value of this current liability at Euros 787 thousand and has derecognised the carrying amount of non-controlling interests.

A fixed price of Euros 13,905 thousand has been set for the acquisition of the 72% interest in Waterlinx, which has been or will be paid as follows:

- Initial payment of Euros 10,090 thousand.
- Payment of Euros 3,602 thousand in January 2016.
- Withholding of Euros 213 thousand as a guarantee for the transaction, which will be paid when this guarantee is released after three years and six months from the reporting date.

On 2 December 2015 the goodwill related to the artistic fountain design, sale and production activity was acquired from a third party. This goodwill was acquired for Euros 1,085 thousand, paid in full. This goodwill has been included in the Operations CGU.

Details of the consideration given, of the fair value of the net assets acquired and the goodwill generated by business combinations carried out during the twelve-month period ended 31 December 2015 is as follows:

	Thousands of Euros
Consideration given	
Cash paid	12,937
Fair value of deferred payments	3,815
Contingent consideration	4,647
Total consideration given	21,399
Fair value of net assets acquired	7,627
Goodwill	13,772

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

(Continued)

The amounts recognised in the consolidated statement of financial position at the acquisition date of the assets, liabilities and contingent liabilities of the businesses acquired in the 12-month period ended 31 December 2015, by significant class, are as follows:

	Thousands of Euros
	Fair value
Property, plant and equipment	3,241
Other intangible assets	12,194
Other current financial assets	13
Deferred tax assets	38
Trade and other receivables	3,626
Inventories	5,442
Total assets	24,554
Other financial liabilities	701
Salaries payable	784
Loans and borrowings	8,923
Trade and other payables	3,042
Income tax liabilities	161
Provisions	102
Deferred tax liabilities	3,214
Total liabilities and contingent liabilities	16,927
Total net assets	7,627
Total net assets acquired	7,627
Cash paid	12,937
Cash outflow for the acquisitions	12,937

Following Fluidra's strategy of disposing of its non-essential activities to focus on the Group's core business, during the 12-month period ended 31 December 2015, two companies that formed part of the consolidated Group have been sold.

On 9 February 2015 the French subsidiary Hydroswim International, S.A.S. was sold to a third party for Euros 375 thousand.

Accent Graphic, S.L.U. was also sold to a third party for Euros 899 thousand on 4 June 2015.

(Continued)

Details of the sale of the aforementioned companies during the twelve-month period ended 31 December 2015 are as follows:

	Thousands of Euros
Cash received	170
Deferred collections	1,104
Fair value of available-for-sale assets	230
Total	1,504
Total net assets sold	1,167
Profit on the sale	337

The amounts derecognised from the consolidated statement of financial position at the sale date of the assets, liabilities and contingent liabilities of the businesses sold in the 12-month period ended 31 December 2015, by significant class, are as follows:

	Thousands of Euros
Property, plant and equipment	2,033
Other intangible assets	1
Other non-current financial assets	6
Deferred tax assets	5
Trade and other receivables	1,047
Inventories	124
Cash and cash equivalents	591
Total assets	3,807
Loans and borrowings	884
Grants	39
Trade and other payables	1,450
Income tax liabilities	151
Other non-current liabilities	27
Other provisions	89
Total liabilities and contingent liabilities	2,640
Total net assets	1,167
Total net assets sold	1,167
Cash received	170
Cash and cash equivalents disposed of	591
Net cash flow generated by the sale	(421)

During 2015 the Group has made deferred collections on the sale of Accent Graphic, S.L.U. amounting to Euros 190 thousand.

(Continued)

2014

No business combinations arose during the 12-month period ended 31 December 2014.

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

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

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

Details of the sale of the aforementioned companies during the 12-month period ended 31 December 2014 are as follows:

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

The amounts derecognised in the consolidated statement of financial position at the sale date of the assets, liabilities and contingent liabilities of the businesses sold in the 12-month period ended 31 December 2014, by significant class, are as follows:

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

(Continued)

In 2015 cash disbursements of Euros 15,399 thousand were made for the acquisition of subsidiaries and non-controlling interests (Euros 2,334 thousand in 2014 for the acquisition of subsidiaries and non-controlling interests).

6. Property, Plant and Equipment

Details of property, plant and equipment and movement during 2015 and 2014 are as follows:

	Thousands of Euros							
	Balances at 31/12/2014	Business combinations (note 5)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31/12/2015
Cost								
Land and buildings	76,205	-	174	(2,366)	(1,022)	(565)	296	72,722
Technical installations and machinery	124,289	2,167	6,553	(1,811)	(159)	588	(4)	131,623
Other installations, equipment and furniture	120,587	2,712	4,096	(1,177)	(55)	1,299	360	127,822
Other property, plant and equipment	22,060	1,651	1,857	(1,157)	(294)	246	(13)	24,350
Work in progress	1,610	-	2,522	(144)	-	(2,465)	24	1,547
	344,751	6,530	15,202	(6,655)	(1,530)	(897)	663	358,064
Accumulated depreciation								
Buildings	(29,370)	-	(2,229)	532	-	341	(99)	(30,825)
Technical installations and machinery	(98,450)	(1,021)	(6,190)	1,731	-	(105)	(12)	(104,047)
Other installations, equipment and furniture	(95,668)	(1,246)	(6,257)	1,130	-	(7)	(154)	(102,202)
Other property, plant and equipment	(17,127)	(1,022)	(2,092)	970	-	(97)	(10)	(19,378)
	(240,615)	(3,289)	(16,768)	4,363	-	132	(275)	(256,452)
Carrying amount	104,136	3,241	(1,566)	(2,292)	(1,530)	(765)	388	101,612

	Thousands of Euros						
	Balances at 31/12/2013	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31/12/2014
Cost							
Land and buildings	79,292	619	(3,654)	-	(291)	239	76,205
Technical installations and machinery	122,277	3,179	(1,679)	(7)	(507)	1,026	124,289
Other installations, equipment and furniture	115,317	4,452	(2,573)	(18)	2,598	811	120,587
Other property, plant and equipment	21,721	1,396	(1,593)	(5)	188	348	22,060
Work in progress	1,718	3,253	(13)	-	(3,358)	15	1,610
	340,325	12,899	(9,512)	(30)	(1,370)	2,439	344,751
Accumulated depreciation							
Buildings	(29,832)	(2,513)	2,372	-	673	(71)	(29,370)
Technical installations and machinery	(95,096)	(6,047)	1,618	-	1,669	(594)	(98,450)
Other installations, equipment and furniture	(89,493)	(6,082)	2,072	-	(1,713)	(452)	(95,668)
Other property, plant and equipment	(16,542)	(1,797)	1,447	(1)	24	(257)	(17,127)
	(230,963)	(16,439)	7,509	(1)	653	(1,374)	(240,615)
Carrying amount	109,362	(3,340)	(2,003)	(31)	(717)	1,065	104,136

(Continued)

a) Mortgaged property, plant and equipment

At 31 December 2015 and 2014 no items of property, plant and equipment had been mortgaged.

At 31 December 2015 and 2014 there was no property, plant and equipment pledged as collateral.

b) Insurance

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

c) Assets acquired under finance lease

The Group has leased the following types of assets under finance leases at 31 December 2015 and 2014:

	Thousands of Euros	
	2015	2014
Land and buildings	19,797	21,882
Technical installations and machinery	2,750	3,141
Other installations, equipment and furniture	808	818
Other property, plant and equipment	1,421	1,360
	24,776	27,200
Less, accumulated depreciation	(10,003)	(9,277)
Balance at 31 December	14,773	17,924

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

1) Fluidra Commercial, S.A.U.: property lease with BBVA for the purchase of an industrial building in La Garriga at a cost value of Euros 10,700 thousand. Contract signed on 21 December 2004 and the last instalment falling due on 21 December 2019. Instalments are settled on a monthly basis and the amount due at 31/12/2015 is Euros 4,302 thousand (Euros 5,183 thousand in 2014), with a purchase option of Euros 100 thousand. This property lease accrues interest at a fixed rate of 3.8% until 2014 and a variable interest rate of Euribor plus a 0.5% spread.

2) Certikin Portugal, Lda.: property lease with BPI bank for an industrial building in Portugal at a cost value of Euros 1,674 thousand. Contract signed on 4 November 2005 and the last instalment falling due on 4 November 2020. Instalments are settled on a monthly basis and the amount due at 31/12/2015 is Euros 718 thousand (Euros 827 thousand in 2014), with a purchase option of Euros 167 thousand. This property lease accrues variable interest of Euribor plus a 1% spread.

3) Astral Pool Australia Pty Ltd.: property lease with West-Pac Banking Corporation for the acquisition of industrial equipment at a cost value of Euros 868 thousand. Contract signed on 1 July 2010 and expiring on 30 June 2016. Instalments are settled on a monthly basis and the amount due at 31/12/2015 is Euros 80 thousand (Euros 243 thousand in 2014). This property lease accrues fixed interest at a rate of 6.45%.

4) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the acquisition of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 1,923 thousand. Contract signed on 22 November 2001 and maturity date extended to 22 November 2016. Instalments are settled on a monthly basis and the amount due at 31/12/2015 is Euros 824 thousand (Euros 907 thousand in 2014), with a purchase option of Euros 769 thousand. This property lease accrues interest at a variable rate of Euribor plus a 3.20% spread.

(Continued)

5) ME 2000, S.R.L.: property lease with Hypo Alpe-Adria Bank S.p.A. for the expansion of the industrial building located in Comunna de Calcinado (Brescia) at a cost value of Euros 512 thousand. Contract signed on 30/09/2003 and maturity date extended to 20/08/2018. Instalments are settled on a monthly basis and the amount due at 31/12/2015 is Euros 223 thousand (Euros 225 thousand in 2014), with a purchase option of Euros 205 thousand. This property lease accrues interest at a variable rate of Euribor plus a 2.10% spread.

Details of minimum lease payments and the present value of finance lease liabilities, by maturity date, at 31 December 2015 and 2014 are shown in note 18.

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

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

In 2015 the Group has acquired property, plant and equipment under finance lease amounting to Euros 497 thousand, financed with a loan for the same amount (Euros 786 thousand financed with a loan for the same amount in 2014).

d) Fully depreciated assets

The cost of fully depreciated property, plant and equipment in use at 31 December 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
Buildings	14,284	10,568
Technical installations and machinery	71,349	65,568
Other installations, equipment and furniture	76,118	67,917
Other property, plant and equipment	14,004	12,600
	175,755	156,653

e) Property, plant and equipment located abroad

At 31 December 2015, there are property, plant and equipment located abroad for a carrying amount of Euros 36,589 thousand (31,228 thousand at 31 December 2014).

f) Gains/losses on disposal of fixed assets

Disposals during the 12-month period ended 31 December 2014 mainly reflect those deriving from the sale of the land and building located in Perpignan for an amount of Euros 3,418 thousand, generating a profit of Euros 2,362 thousand, as well as the sale of land and a building in Murcia for Euros 900 thousand, generating a profit of Euros 682 thousand. The difference with respect to the profits of Euros 5,469 thousand included in the consolidated income statement for the 12-month period ended 31 December 2014 for the sale of fixed assets mainly relates to the sale of Irrigaronne, S.A.S., described in note 5.

7. Goodwill and Other Intangible Assets

Details of goodwill and other intangible assets and movement during 2015 and 2014 are as follows:

a) Goodwill

	Thousands of Euros						
	Balances at 31/12/2014	Business combinations (note 5)	Additions	Disposals	Impairment	Translation differences	Balances at 31/12/2015
Carrying amount							
Goodwill	182,796	13,772	-	-	(7,016)	1,103	190,655

	Thousands of Euros						
	Balances at 31/12/2013	Business combinations	Additions	Disposals	Impairment	Translation differences	Balances at 31/12/2014
Carrying amount							
Goodwill	183,135	-	-	(527)	(3,500)	3,688	182,796

b) Other intangible assets

	Thousands of Euros							
	Balances at 31/12/2014	Business combinations (note 5)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31/12/2015
Cost								
Product development costs	31,481	-	4,474	(374)	-	108	753	36,442
Customer/contractual relationships	38,796	9,189	-	(11,720)	(1,604)	-	3,252	37,913
Computer software	16,596	-	6,319	(99)	-	541	100	23,457
Patents	25,538	-	231	(58)	(332)	6	116	25,501
Trademarks and other intangible assets	5,580	3,052	662	(24)	-	(435)	-	8,835
	117,991	12,241	11,686	(12,275)	(1,936)	220	4,221	132,148
Accumulated amortisation								
Product development costs	(23,166)	-	(5,441)	372	-	(3)	(382)	(28,620)
Customer/contractual relationships	(26,608)	-	(8,001)	11,720	-	-	(2,365)	(25,254)
Computer software	(10,633)	-	(2,918)	96	-	(22)	(104)	(13,581)
Patents	(15,565)	-	(1,828)	57	-	11	(464)	(17,789)
Trademarks and other intangible assets	(4,754)	(47)	(363)	24	-	(1)	3	(5,138)
	(80,726)	(47)	(18,551)	12,269	-	(15)	(3,312)	(90,382)
Carrying amount	37,265	12,194	(6,865)	(6)	(1,936)	205	909	41,766

(Continued)

	Thousands of Euros						
	Balances at 31/12/2013	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31/12/2014
Cost							
Product development costs	25,378	4,064	184	-	1,341	514	31,481
Customer/contractual relationships	60,907	-	(24,911)	-	-	2,800	38,796
Computer software	13,882	1,817	(134)	-	912	119	16,596
Patents	24,435	180	-	-	113	810	25,538
Trademarks and other intangible assets	5,102	936	120	-	(630)	52	5,580
	129,704	6,997	(24,741)	-	1,736	4,295	117,991
Accumulated amortisation							
Product development costs	(17,473)	(4,370)	(108)	-	(994)	(221)	(23,166)
Customer/contractual relationships	(40,991)	(10,319)	24,910	-	-	(208)	(26,608)
Computer software	(8,589)	(2,082)	131	-	2	(95)	(10,633)
Patents	(12,874)	(2,196)	-	-	(31)	(464)	(15,565)
Trademarks and other intangible assets	(2,619)	(1,992)	(121)	-	4	(26)	(4,754)
	(82,546)	(20,959)	24,812	-	(1,019)	(1,014)	(80,726)
Carrying amount	47,158	(13,962)	71	-	717	3,281	37,265

No intangible assets are pledged as collateral.

Additions of product development costs for 2015 of Euros 4,474 thousand (Euros 4,064 thousand in 2014) comprise self-constructed non-current assets and are included in this category of the consolidated income statement.

Additions to computer software in 2015 include Euros 5,640 thousand (Euros 818 thousand in 2014) in installation and licences costs derived from the design and implementation of the Group's new ERP (Project Invictus).

The cost of fully amortised intangible assets in use at 31 December 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
Product development costs	17,534	12,351
Computer software	7,535	6,460
Patents	8,640	8,040
Trademarks and other intangible assets	4,416	1,980
	38,125	28,831

At 31 December 2015, there are intangible assets located abroad for a carrying amount of Euros 28,516 thousand (24,534 thousand at 31 December 2014).

At 31 December 2015 almost the entire carrying amount of customer/contractual relationships relates to the Waterlinx and Aqua Group CGUs. At 31 December 2014 almost the entire carrying amount of customer/contractual relationships related to the Operations and Aqua Group CGUs.

(Continued)

c) Impairment and allocation of goodwill to CGUs

For impairment testing purposes, goodwill has been allocated to the Group's cash-generating units (CGUs) in accordance with their respective business segment and the geographical area of operation.

The allocation of goodwill by CGU or groups of CGUs at 31 December 2015 and 2014 is therefore as follows:

		Thousands of Euros	
	Segment	31/12/2015	31/12/2014
Europe	Europe	42,712	42,800
Expansion	Expansion	44,866	45,101
Operations	Operations	53,102	51,205
Certikin Internacional, LTD	Europe	3,943	3,739
SSA Fluidra Österreich, GmbH	Europe	4,991	4,991
Astral Pool Australia PTY LTD and subsidiaries	Expansion	9,037	7,483
Aqua Group	Operations	22,793	27,477
Waterlinx	Expansion	9,211	-
Total		190,655	182,796

Movement in goodwill is due mostly to the business combinations undertaken in 2015 (see note 5), the impairment of CGUs described below, and to changes in translation differences relating to goodwill in foreign currency, primarily as a result of fluctuations in exchange rates with the Pound Sterling, the Australian Dollar, the US Dollar, the Israeli Shekel, the Chinese Renminbi and the South African Rand.

The CGUs reflect the management structure of the Group, which is organised into three divisions, two of which encompass a geographical approach: Europe and Expansion, which manage the Group's sales and distribution activity, while a third area covers the Group's operations and logistics chain. These reflect the segments reported in APPENDIX II (see note 4).

In cases in which the cash flows of a management unit can be identified by individual company or group of companies and there is a single management team (Australia, SSA, Waterlinx, Certikin Internacional, Aqua), the lower level of company or group of companies is used as the CGU.

During 2015 the Group unified the CGU initially set up for Manufacturas Gre, S.A. with Europe, as a result of the integrated management of the Mass Market channel in Europe under a common general management team and by striving for efficiency in costs and commercial management during that year.

The recoverable amount of each CGU is determined based on calculations of its value in use. These calculations are based on cash flow projections from the financial budgets and /or strategic plans, approved by management, of the different cash-generating units to which goodwill has been allocated over a period of four years. The process of preparing the strategic plans of the Europe and Expansion CGUs takes into account the current situation of the market of each CGU, analysing the macro-economic and competitive environments, as well as the position of the CGU in these environments and growth opportunities, based on market projections and the Group's competitive position. The key factors of the business performance are mainly the number of pools in each market for the maintenance business, and the level of construction of new pools. The possible operating efficiencies due to growth are also taken into account. These projections are adjusted based on the extent of achievement of the strategic plans and/or financial budgets in prior years.

(Continued)

The main assumptions used in the strategic plans consider a recovery in the construction of new pools after the financial crisis that began in 2008, with an expected upturn in consolidated markets (Europe and USA) and sustained growth in emerging markets, combined with growth in our penetration of the commercial pools market in certain geographical areas in which our presence is still low.

As for the Operations division, sales are associated with the growth in the other two sales divisions (Europe and Expansion) as a result of the integration of production within Fluidra. The assumptions used in the strategic plans consider a recovery of profitability due to improved efficiency obtained through the lean management plans in the production centres, the integration of the logistics chain and operating leverage due to growth.

The quantitative assumptions used are reflected in the following table:

CGU	CAGR Sales (*) 2015-2019	CAGR EBITDA (*) 2015-2019	WACC (**) 2015
Europe	3.14%	15.53%	7.45%
Expansion	8.71%	22.45%	7.45%
Operations	7.38%	11.13%	7.45%
Certikin International, LTD	3.43%	9.97%	7.05%
FLUIDRA ÖSTERREICH Gmbh "SSA"	3.28%	3.63%	6.65%
Astral Pool Australia PTY LTD and subsidiaries	10.30%	26.49%	7.55%
Aqua Group	3.26%	44.32%	6.90%

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

(**) Discount rate after tax.

The Waterlinx Group, which operates in the South African market, was acquired during the year. The cash flow projections of this Group is in line with the price paid and the associated contingent payments.

In all cases, impairment tests are based on cash flow projections using the strategic plans and/or financial budgets, which cover a period of four years. The cash flow projections as of the fifth year are calculated using a constant expected growth rate of 2%, irrespective of division. This rate should not exceed the average long-term growth rate for the businesses in which the CGUs operate.

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

In the case of the Aqua CGU, value in use is estimated at Euros 68.1 million (Euros 121.7 million in 2014) and does not adequately cover the value of net assets and goodwill assigned to this CGU. Therefore, the Company has recognised impairment of Euros 7 million. The impairment of this goodwill is due to the low profitability of the Aqua Group in the US market, whereas the profitability forecast for the automatic cleaner manufacturing business in Israel has been maintained.

The Group performs a sensitivity analysis on the calculation of impairment, through reasonable variations of the main assumptions applied in this calculation. For CGUs with significant goodwill (Europe, Expansion, Operations and Aqua), the following decreases have been assumed:

- Decrease of 100 basis points in the EBITDA margin for 2019 (EBITDA)
- Perpetual growth rate – a drop of 0.5% (g)
- Discount rate – an increase of 0.5% (WACC)

(Continued)

The quantitative result of these reasonable variations, reflected as a percentage excess/shortfall in the carrying amount of goodwill at 31 December 2015, is as follows:

CGU	EBITDA	g	WACC
Europe	>100%	>100%	>100%
Expansion	>100%	>100%	>100%
Operations	>100%	>100%	>100%
Aqua Group	-37%	-20%	-30%

Changes in the assumptions used to determine value in use can modify the estimate of impairment.

Nevertheless, the value in use for goodwill of Europe, Expansion and Operations calculated in accordance with the aforementioned criteria would continue to be higher than the value of the net assets and goodwill allocated to each CGU, including those with flat projections of turnover/profitability.

At 31 December 2015 the Group's stock market capitalisation totals Euros 352.5 million (Euros 345.8 million at 31 December 2014).

8. Investment Property

	Thousands of Euros				
	Balances at 31/12/2014	Additions	Disposals	Transfers	Balances at 31/12/2015
Cost					
Land	996	-	-	237	1,233
Buildings	504	-	-	430	934
	1,500	-	-	667	2,167
Accumulated depreciation					
Buildings	(427)	(99)	-	(90)	(616)
	(427)	(99)	-	(90)	(616)
Carrying amount	1,073	(99)	-	577	1,551

Details of investment property and movement during 2015 and 2014 are as follows:

	Thousands of Euros				
	Balances at 31/12/2013	Additions	Disposals	Transfers	Balances at 31/12/2014
Cost					
Land	996	-	-	-	996
Buildings	504	-	-	-	504

(Continued)

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

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

9. Equity-accounted Investees

Movement in equity-accounted investees is as follows:

	Thousands of Euros	
	2015	2014
Balance at 1 January	96	88
Share of profits	36	39
Dividends received	(39)	(31)
Balance at 31 December	93	96

Details of equity-accounted investees for 2015 and 2014 are as follows:

			2015				
			Thousands of Euros				
	Country	Percentage ownership	Assets	Liabilities	Equity	Income	Gains/losses
Astral Nigeria, LTD	Nigeria	25	740	369	371	1,606	144
			740	369	371	1,606	144

		2014				
		Thousands of Euros				
Country	Percentage ownership	Assets	Liabilities	Equity	Income	Gains/los ses

(Continued)

Astral Nigeria, LTD	Nigeria	25	624	241	383	1,596	155
			624	241	383	1,596	155

10. Current and Non-current Financial Assets

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

		Thousands of Euros	
	Note	2015	2014
Assets available for sale		719	753
Deposits and guarantees		4,600	4,679
Derivative financial instruments	11	-	16
Total non-current		5,319	5,448
Assets available for sale		50	54
Deposits and guarantees		7,217	2,505
Derivative financial instruments	11	714	492
Total current		7,981	3,051

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

	Thousands of Euros	
	2,015	2,014
At 1 January	807	1,085
Disposals	(5)	-
Impairment	-	(234)
Adjustment to fair value recognised in profit or loss	(33)	(44)
At 31 December	769	807
Less: Current portion	(50)	(54)
Total non-current	719	753

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

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

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

(Continued)

11. Derivative Financial Instruments

Details of derivative financial instruments are as follows:

	2015				
		Thousands of Euros			
	Amount	Fair values			
	Notional amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Foreign currency derivatives					
Forward exchange contracts	25,483	-	714	-	49
Options traded on OTC markets	-	-	-	-	-
Total derivatives traded on OTC markets		-	714	-	49
b) Interest rate derivatives					
Interest rate swaps	-	-	-	-	-
Total derivatives traded on OTC markets		-	-	-	-
Total derivatives held for trading		-	-	-	-
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	117,600	-	-	1,507	-
Foreign currency swaps	2,394	-	-	-	31
Total hedging derivatives		-	-	1,507	31
Total recognised derivatives		-	714	1,507	80
		(Note 10)	(Note 10)		

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

(Continued)

Total recognised derivatives	16	492	1,207	115
	(Note 10)	(Note 10)		

The total change in the estimated fair value of derivatives held for trading, calculated using measurement techniques and recognised in profit and loss has been a loss of Euros 514 thousand (profit of Euros 1,657 thousand in 2014).

The total change in estimated fair value of hedging instruments using measurement techniques recognised in consolidated equity, as they relate to effective hedging, has been a decrease of Euros 218 thousand (Euros 111 thousand in 2014).

Total cash flow hedges transferred in 2015 from other comprehensive income in equity to the consolidated income statement (under finance income/costs) amounts to a loss of Euros 1,516 thousand (losses of Euros 666 thousand in 2014).

a) Interest rate swaps

The Group only contracts interest rate swaps as hedging instruments, and therefore there are no interest rate swaps held for trading at 31 December 2015. The interest rate hedges use variable to fixed rates without deactivating barriers, with fixed rates ranging from 0.36% to 0.49% (variable or fixed rates with or without deactivating barriers, with fixed rates ranging from 1.08% to 3.80%, with a barrier of 5.50% at 31 December 2014). These derivatives are used to manage interest rate fluctuation exposure, mainly relating to its bank loans. The inception and maturity dates of derivatives at 31 December 2014 are as follows:

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

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

During 2015 interest rate derivatives have been cancelled because of the signing of the new financing contract described in note 18. The impact of this cancellation is Euros 1,009 thousand (see note 27).

Hedge derivatives 31/12/2015			
Notional amount in thousands of Euros	Start date	Maturity date	Type of derivative
15,131	05/03/2015	25/02/2020	Fixed-rate swap
23,619	05/03/2015	25/02/2020	Fixed-rate swap
15,131	05/03/2015	25/02/2020	Fixed-rate swap
7,566	05/03/2015	25/02/2020	Fixed-rate swap
15,131	05/03/2015	25/02/2020	Fixed-rate swap
7,566	05/03/2015	25/02/2020	Fixed-rate swap
9,964	05/03/2015	25/02/2020	Fixed-rate swap
9,964	05/03/2015	25/02/2020	Fixed-rate swap
5,536	05/03/2015	25/02/2020	Fixed-rate swap
3,690	05/03/2015	25/02/2020	Fixed-rate swap
2,952	05/03/2015	25/02/2020	Fixed-rate swap
1,350	28/04/2015	25/03/2020	Fixed-rate swap

(Continued)

117,600

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

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

	Thousands of Euros	
	2015	2014
Up to 1 year	-	5,595
Between 1 and 5 years	117,600	75,627
	117,600	81,222

Because they are derivatives which cannot be traded on organised markets, the fair value of swaps is calculated using the revised value of the expected cash flows due to the difference in rates, based on market conditions at the measurement date (measurement method level 2 in accordance with IFRS 13).

b) Foreign currency derivatives

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

(Continued)

A breakdown by type of currency, of the notional amounts of forward contracts at 31 December 2015 and 2014, the residual values of which are of two years, is as follows:

	Thousands of Euros	
	2015	2014
GBP / USD	919	1,648
GBP / EUR	5,749	3,325
ILS / USD	-	6,071
EUR / USD	14,696	4,118
EUR / ILS	3,200	2,900
EUR / ZAR	2,394	-
AUD / USD	919	-
	27,877	18,062

At 31 December 2015 the EUR/ZAR exchange rate derivative with a notional amount of Euros 2,394 thousand is a hedging derivative. At 31 December 2014 there were no exchange rate derivatives.

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

	Thousands of Euros	
	2015	2014
Up to 1 year	27,877	18,062
	27,877	18,062

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

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

12. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2015	2014
Merchandise	35,772	26,786
Raw materials and other supplies	34,013	34,710
Finished goods and work in progress	78,429	76,441
	148,214	137,937

At 31 December 2015 and 2014 the Group does not have any inventories with an estimated recovery period extending beyond the 12 months following the consolidated reporting date.

(Continued)

As a result of the business combinations that took place in 2015, inventories of Euros 5,442 thousand have been included.

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

There are no relevant commitments to purchase or sell goods.

During 2015 the Group has made provisions of Euros 917 thousand for the impairment of inventories in order to adjust them to their net realisable value (impairment of Euros 368 thousand was reversed in 2014) (see note 22).

13. Trade and Other Receivables

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

	Thousands of Euros	
	2015	2014
Non-current		
Other non-current receivables	2,851	1,974
Current		
Trade receivables	162,231	155,852
Other receivables and prepayments	5,924	6,212
Public entities	9,084	9,831
Current income tax assets	6,564	4,438
Provisions for impairment and uncollectibility	(37,595)	(40,476)
Total current	146,208	135,857

Other non-current receivables include Euros 1,138 thousand (Euros 1,138 thousand at 31 December 2014) corresponding to reimbursement commitments with shareholders arising from their contribution of securities in the increase in capital, as detailed in note 28.

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

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

The most significant balances in foreign currencies at 31 December 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
US Dollars	16,994	14,214
Australian Dollars	14,066	11,632
United Arab Emirates Dirhams	11,194	11,822
Pounds Sterling	8,508	8,423
South African Rand	6,221	932
Moroccan Dirhams	4,825	5,194
Thai Bahts	3,494	3,371

(Continued)

Chinese Renminbi	3,184	1,321
Turkish Lira	3,003	2,596
Brazilian Reals	2,175	4,858
Mexican Pesos	1,755	1,932
Chilean Pesos	1,318	1,554
	76,737	67,849

Receivables from public entities primarily comprise VAT recoverable.

Movement in valuation allowances for impairment and uncollectibility for 2015 and 2014 is as follows:

	Thousands of Euros
Balance at 31 December 2013	39,220
Charge for the year	13,260
Recoveries	(4,363)
Translation differences	577
Write-offs	(8,218)
Balance at 31 December 2014	40,476
Business combinations	(908)
Charge for the year	11,366
Recoveries	(6,311)
Translation differences	124
Write-offs	(7,152)
Balance at 31 December 2015	37,595

14. Cash and Cash Equivalents

Cash and cash equivalents mainly reflect cash and bank balances.

15. Equity

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

- Share capital

At 31 December 2015 the share capital of Fluidra, S.A. is represented by 112,629,070 ordinary shares of Euros 1 par value each, which are fully paid. These shares are represented by book entries which are recognised in the corresponding accounting record. All shares have the same voting and profit-sharing rights.

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

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

The Company only becomes aware of the identity of its shareholders when information is voluntarily provided by them or in compliance with prevailing legislation. Based on the information held by the

Company, its most significant shareholders at 31 December 2015 and 2014 are as follows:

Percentage ownership	31.12.2015	31.12.2014
Boyser, S.R.L.	14.12%	14.12%
Edrem, S.L.	13.50%	13.50%
Dispur, S.L.	12.14%	12.14%
Aniol, S.L.	10.16%	10.16%
NMAS1 Asset Management	8.00%	8.00%
Santander Asset Management	6.42%	6.42%
Bansabadell Inversió Desenvolupament, S.A.	5.00%	5.00%
Maveor, S.L.	5.01%	5.01%
Other shareholders	25.65%	25.65%
	100.00%	100.00%

- Share premium

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

- Legal reserve

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

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

- Parent shares

Movement in own shares during 2015 and 2014 has been as follows:

		Euros	
	Number	Nominal	Average cost of acquisition / disposals
Balances at 01/01/2014	271,246	271,246	2.5678
Acquisitions	412,853	412,853	2.9498
Disposals	(448,179)	(448,179)	(3.0079)
Balances at 31/12/2014	235,920	235,920	2.8176
Acquisitions	560,664	560,664	3.0952
Disposals	(286,798)	(286,798)	(3.1277)

(Continued)

Balances at 31/12/2015	509,786	509,786	3.0632

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

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

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

- Recognised income and expense

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

- Dividends and restrictions on the distribution of dividends

At 31 December 2015, the Parent's voluntary reserves, amounting to Euros 3,697 thousand (Euros 17,626 thousand at 31 December 2014), together with the share premium and profit for the year of the Parent, are subject to legal limitations regarding distribution.

In accordance with the decision made by the shareholders in an ordinary general meeting held on 5 May 2015, the Company approved the distribution to shareholders of a dividend totalling Euros 6,700 thousand against voluntary reserves.

At its general meeting held on 30 March 2016 the board of directors agreed to propose to the shareholders that dividend of Euros 10,000 thousand be distributed with a charge to profit for 2015.

The proposed distribution of profit included in the annual accounts of the Parent for 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
Basis of allocation:		
Profit/(loss) for the year	27,574	(7,209)
Distribution:		
Legal reserve	2,757	-
Voluntary reserves	17,608	-
To dividends	-	
Prior years' losses	7,209	(7,209)
Total	27,574	(7,209)

- Capital management

(Continued)

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

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

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

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

During 2015 the strategy has remained the same as in prior years and has consisted of maintaining the total leverage ratio and NFD/EBITDA ratio between 2 and 2.5. The Group has met the aforementioned objectives in 2015 and 2014. Ratios in 2015 and 2014 are calculated as follows:

Total leverage ratio:

	Thousands of Euros	
	2015	2014
Total consolidated assets	746,920	697,581
Total consolidated equity	332,045	321,053
Total leverage ratio	2.25	2.17

NFD/EBITDA ratio:

	Thousands of Euros	
	2015	2014
Loans and borrowings	241,371	213,478
Plus: Derivative financial instruments	1,587	1,322
Less: Cash and cash equivalents	(67,353)	(54,665)
Less: Non-current financial assets	(5,319)	(5,432)
Less: Other current financial assets	(7,267)	(2,559)
Less: Derivative financial instruments	(714)	(508)
Net financial debt	162,305	151,636
EBITDA (note 34)	72,151	65,673
NFD/EBITDA ratio	2.25	2.31

(Continued)

- Non-controlling interests

Movement in non-controlling interests during 2015 has been as follows:

Company	Percentage non-controlling interest 31.12.2015	31.12.2014
Ya Shi Tu (Ningbo) Water Treatment Equipment, Ltd. (3)	0.00%	5.00%
Loitech (Ningbo Heating Equipment, Co, Ltd. (2)	0.00%	20.00%
Fluidra Adriatic D.O.O. (1)	40.00%	0.00%
Veico Com. Br. Indústria e Comércio, LTDA (4)	20.00%	0.00%
Fluidra Brasil Indústria e Comércio LTDA. (4)	20.00%	0.00%
Fluidra Österreich, GmbH "SSA" (4)	5.00%	0.00%

(1) Newly incorporated in 2015.
(2) Purchase of shares in 2015.
(3) Company dissolved in 2015.
(4) Sale of shares in 2015.

Expenditure of Euros 113 thousand has been made for the transactions relating to these variations. There was no expenditure in this respect in 2014.

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

Details of the most significant non-controlling interests at 31 December 2015 are as follows:

			2015				
			Thousands of Euros				
	Country	Percentage ownership	Assets	Liabilities	Equity	Income	Gains/losses
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	2,222	357	1,865	2,926	413
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	2,294	968	1,326	4,097	498
I.D. Electroquímica, S.L.	Spain	40	3,439	371	3,068	2,928	651
Fluidra Youli Fluid System (Wenzhou) Co., LTD	China	30	8,707	4,285	4,422	2,572	(329)

			2014				
			Thousands of Euros				

(Continued)

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

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

16. Earnings per share

a) Basic

Basic earnings per share are calculated by dividing consolidated profit or loss for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares issued during the 12-month periods ended 31 December 2015 and 2014, excluding own shares.

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

	31.12.2015	31.12.2014
Profit / (loss) attributable to equity holders of the Parent (in thousands of Euros)	12,997	6,642
Weighted average number of ordinary shares outstanding	112,406,270	112,364,073
Basic earnings per share (in Euros)	0.11563	0.05911

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

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

	Number of shares	
	31.12.2015	31.12.2014
Ordinary shares outstanding at 1 January	112,629,070	112,629,070
Effect of own shares	(222,800)	(264,997)
Weighted average number of ordinary shares outstanding at 31 December	112,406,270	112,364,073

b) Diluted earnings

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

17. Provisions

Details of other provisions are as follows:

	Thousands of Euros			
	2015		2014	
	Non-current	Current	Non-current	Current
Guarantees	-	4,872	-	3,711
Provisions for taxes	2,900	-	2,904	-
Provisions for employee commitments	3,833	-	3,293	-
Litigation and other liabilities	1,940	-	1,817	-
Total	8,673	4,872	8,014	3,711

Movement during 2015 and 2014 is as follows:

	Guarantees	Provisions for employee commitments	Litigation and other liabilities	Provision for taxes	Total
Balance at 1 January 2014	3,189	2,965	871	2,791	9,816
Charges	572	483	306	493	1,854
Payments	-	(222)	(97)	-	(319)
Applications	(18)	(29)	-	(400)	(447)
Transfers	(80)	18	735	-	673
Translation differences	48	78	2	20	148

(Continued)

Balance at 31 December 2014	3,711	3,293	1,817	2,904	11,725
Charges	536	528	404	250	1,718
Business combinations	33	-	69	-	102
Payments	(1,180)	(106)	-	(95)	(1,381)
Applications	(353)	(27)	-	(171)	(551)
Transfers	2,087	65	(347)	-	1,805
Translation differences	38	80	(3)	12	127
Balance at 31 December 2015	4,872	3,833	1,940	2,900	13,545

18. Loans and Borrowings

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

	Thousands of Euros	
	2015	2014
Loans and borrowings	169,649	109,445
Finance lease payables	6,127	8,219
Total non-current	175,776	117,664
Loans and borrowings	22,623	48,540
Bank loans	40,777	43,819
Discount lines	315	1,360
Finance lease payables	1,880	2,095
Total current	65,595	95,814
Total loans and borrowings	241,371	213,478

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

At 31 December 2015 and 2014 bank loans and discount lines accrue interest at average market rates, except those extended by public entities, which accrue interest at between 0% and 6-month Euribor plus a 3.10% spread. There are no significant differences between the carrying amount of financial liabilities and their fair value at 31 December 2015 and 2014.

On 27 July 2012, the Group entered into a loan agreement of Euros 110 million and a revolving credit facility of Euros 48.5 million with a banking syndicate. At 31 December 2014 the outstanding principal of the loan was Euros 84.5 million and no amounts had been drawn down from the credit facility.

On 25 February 2015, the Group entered into a new loan agreement of Euros 155 million and a revolving credit facility of Euros 55 million with a banking syndicate. With the signing of the new contract, the previous loan and revolving credit facility entered into on 27 July 2012 were fully repaid. At 31 December 2015 the outstanding principal of the new loan is Euros 155 million and US Dollars 17 million has been drawn down from the credit facility.

(Continued)

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

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

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

The agreed interest rate on this financing is Euribor plus a spread that ranges from 1.40% to 2.50%, depending on the net financial debt/EBITDA ratio (between 3.75% and 4.5% in relation to the contract signed on 27 July 2012).

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

The agreement also stipulates that over the duration of the loan the EBITDA/net finance cost ratio shall remain above 3, and that the net financial debt/equity ratio remains under 1. In addition, these agreements include a series of non-financial obligations to be met. Failure to comply with any of the above ratios would give the banks the right to demand immediate settlement of all the financing provided and any accrued interest. At 31 December 2015 these obligations had been met.

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

	Company	Amount outstanding (thousands of Euros)	
		2015	2014
Syndicated revolving loan for a nominal amount of Euros 155,000 thousand and Euros 55,000 thousand falling due on 25 February 2020 and with a variable interest rate of 6-month Euribor plus a spread of 1.40%-4.50%, requested for the restructuring of the debt.	Fluidra, S.A.	155,000	-
Loan for a nominal amount of Euros 5,000 thousand arranged on 17 June 2014, maturing on 30 June 2019 with a fixed interest rate of 3.764% until 31 December 2014 and thereafter a variable interest rate of 12-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	4,000	5,000

(Continued)

Loan for a nominal amount of Euros 5,000 thousand arranged on 10 July 2014, maturing on 30 June 2019 with a fixed interest rate of 3.4530% until 31 December 2014 and thereafter a variable interest rate of 6-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	3,500	4,500
Loan for a nominal amount of South African Rand (ZAR) 150,000 thousand arranged on 17 September 2015, maturing on 30 September 2020 with a fixed interest rate of 9.80% until 31 December 2015 and thereafter a variable prime rate plus a spread, requested to refinance the existing loan and the financing of the acquisition of the Waterlinx Group.	Waterlinx, Pty Ltd.	8,848	-
Syndicated loan for a nominal amount of Euros 110,000 thousand falling due on 27 July 2017 and with a variable interest rate of 6-month Euribor plus a spread of 3.75%-4.50%, requested for the restructuring of the debt.	Fluidra, S.A.	-	84,500
Loan for a nominal amount of US Dollars 10,000 thousand arranged on 5 March 2013, maturing on 5 March 2018 with a fixed interest rate of 4.799% until 5 March 2014 and thereafter a variable interest rate of 12-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	-	10,000
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	-	4,840
Loan for a nominal amount of Euros 11,000 thousand falling due on 19.04.2016, with a variable interest rate of 12-month Euribor plus a spread of 3.40%, requested to finance capex.	Fluidra, S.A.	-	4,516
Loan for a nominal amount of Euros 11,000 thousand falling due on 14.03.2016, with a variable interest rate of 6-month Euribor plus a spread of 3.25%, requested to finance capex.	Fluidra, S.A.	-	4,156
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	-	4,156
Loan for a nominal amount of Euros 11,000 thousand falling due on 23.02.2016, with a variable interest rate of 12-month Euribor plus a spread of 2.75%, requested for the acquisition of Aquaproducts Inc., and Aquatron Robotic Technology Ltd.	Fluidra, S.A.	-	4,156

	Company	Amount outstanding (thousands of Euros)	
		2015	2014
Property lease for a nominal amount of Euros 10,700 thousand falling due on 21.01.2020, with a fixed interest rate of 3.80% until 2013 and a variable interest rate of Euribor plus a spread of 0.5% thereafter.	Fluidra Commercial, S.A.U.	4,225	5,183
Loan for a nominal amount of Euros 4,700 thousand, arranged on 29 November 2013 and drawn down on 26 June 2013, maturing on 20 July 2020. The interest rate is fixed at 3.441% until 20 January 2014 and variable at 6-month Euribor plus a spread thereafter, requested to finance the acquisition of Youli.	Fluidra J.V. Youli, S.L.	4,700	4,700
Loan for a nominal amount of US Dollars 5,000 thousand, renewed on 11 July 2014, maturing on 11 July 2015, with a fixed interest rate of 2.757%, requested for financing working capital.	Fluidra, S.A.	-	4,118

(Continued)

Loan for a nominal amount of Australian Dollars 4,600 thousand falling due on 30.06.2015, with a fixed interest rate of 4.16%, requested for line restructuring.	Astral Pool Australia Pty Ltd.	-	3,102
Loan for a nominal amount of Euros 2,679 thousand, arranged on 29 November 2013 and drawn down on 1 July 2013, maturing on 20 July 2020. The interest rate is fixed at 3.441% until 20 January 2014 and variable at 6-month Euribor plus a spread thereafter, requested to finance the acquisition of Youli.	Fluidra J.V. Youli, S.L.	2,680	2,680
Loan for a nominal amount of Euros 10,000 thousand arranged on 27 June 2014, maturing on 30 June 2019 with a fixed interest rate of 3.370% until 30 September 2014 and thereafter a variable interest rate of 3-month Euribor plus a spread, requested to finance investments in production.	Fluidra, S.A.	-	9,000

The most significant balances in foreign currencies at 31 December 2015 and 2014 are as follows:

Loans and borrowings:

	Thousands of Euros	
	2015	2014
US Dollars	38,258	19,063
Australian Dollars	9,364	5,103
Pounds Sterling	188	154
South African Rand	11,197	103
Other currencies	844	2,144
	59,851	26,567

The Group has the following credit facilities and discount lines at 31 December 2015 and 2014:

	Thousands of Euros			
	2015		2014	
	Drawn down	Limit	Drawn down	Limit
Credit facilities	40,777	167,129	43,819	139,830
Discount lines	315	10,250	1,360	15,385
	41,092	177,379	45,179	155,215

(Continued)

At 31 December 2015 and 2014 there were no loans secured by mortgages (see note 6).

Loans and borrowings mature as follows:

	Thousands of Euros	
Maturity	2015	2014
Up to 1 year	22,623	48,540
Up to 2 years	20,998	50,130
Up to 3 years	28,679	43,315
Up to 4 years	35,867	8,347
Up to 5 years	81,579	4,323
More than 5 years	2,526	3,330
	192,272	157,985

Details of minimum lease payments and the present value of finance lease liabilities, by maturity date, are as follows:

	Thousands of Euros					
	2015			2014		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
Up to 1 year	1,905	25	1,880	2,389	294	2,095
Between 1 and 5 years	5,995	23	5,972	8,453	498	7,955
More than 5 years	156	1	155	268	3	264
	8,056	49	8,007	11,110	795	10,314

During 2015, all Group loan interest rates are renewed quarterly, six-monthly or yearly. In 2014, with the exception of a property lease which accrued fixed interest until 2014 and had a carrying amount of Euros 5,183 thousand at 31 December 2014, and a property lease that accrued fixed interest until maturity and had a carrying amount of Euros 545 thousand at 31 December 2014, Group loan interest rates were renewed quarterly, six-monthly or yearly.

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

19. **Trade and Other Payables**

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

	Thousands of Euros	
	2015	2014

(Continued)

Trade payables	71,264	65,044
Other payables	3,013	3,009
Liabilities for business acquisitions / suppliers of fixed assets	21,599	3,512
Public entities	12,624	13,671
Current income tax liabilities	3,556	3,991
Salaries payable	12,382	10,615
	124,438	99,842

Liabilities for business acquisitions/suppliers of fixed assets include Euros 16,872 thousand reflecting the best estimate of the fair value of the short-term contingent consideration derived from the acquisition of the Aqua Group. This amount is in USD dollars and is classed as a financial liability at fair value through profit or loss. On 17 March 2011, a contingent consideration was established, which can be exercised by the seller during the period from 1 May 2015 to 2 July 2017, initially calculated based mostly on the average EBITDA of the last two years prior to the exercise date. On 14 December 2012, an agreement was arranged setting a maximum and minimum amount for this contingent consideration of USD 40,000 thousand and USD 18,000 thousand, respectively. On 31 December 2015, the fair value of the contingent consideration was estimated at below its recognised minimum value and, therefore, the agreed minimum contingent liability. As a result of this re-estimation, the Group has recognised Euros 9,128 thousand under finance income in the consolidated income statement for the year ended 31 December 2015 corresponding to the decrease in the contingent liability originally recognised (see note 27).

This item also includes Euros 646 thousand derived from the crossed options with key management personnel of Waterlinx Pty Ltd,. the exercise period of which is determined by the departure of these key management personnel from the company (see note 5).

This item also includes Euros 3,334 thousand (Euros 513 thousand in 2014) consisting of the deferred payment relating to acquisitions of businesses in the current year (see note 5).

At 31 December 2014 liabilities for business acquisitions/suppliers of fixed assets included Euros 2,187 thousand in respect of the current contingent consideration in US Dollars derived from the acquisition of Fluidra Youli, on 9 October 2012. This amount was classed as a financial liability at fair value through profit or loss.

At 31 December 2014 the aforementioned line item also included Euros 217 thousand derived from the contingent consideration for the acquisition of Veico Com. Br. Indústria e Comércio, LTDA.

These liabilities have been settled in 2015.

The contingent consideration liabilities relating to Aqua, Waterlinx, Fluidra Youli Fluid System (Wenzhou) Co., LTD and Veico Com. Br. Indústria e Comércio correspond to level 3 of the fair value hierarchy, in accordance with IFRS 13.

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

The most significant balances in foreign currencies at 31 December 2015 and 2014 are as follows:

Trade payables:

	Thousands of Euros	
	2015	2014
US Dollars	4,790	7,587
Pounds Sterling	3,746	4,872

(Continued)

Australian Dollars	7,755	4,791
Chinese Renminbi	5,324	4,600
Israeli Shekel	708	2,005
South African Rand	4,139	794
	26,462	24,649

Payables to public entities are as follows:

	Thousands of Euros	
	2015	2014
Taxation authorities		
VAT	6,433	6,722
Withholdings	1,409	2,161
Social Security	3,529	3,265
Other	1,253	1,523
	12,624	13,671

20. Other Non-current Liabilities

Details of non-current liabilities are as follows:

	Thousands of Euros	
	2015	2014
Liabilities for business acquisitions	4,417	23,638
Other	4,077	2,784
Total	8,494	26,422

Liabilities for business acquisitions include Euros 1,673 thousand derived from the crossed options with significant shareholders of the Waterlinx Pty Ltd., the exercise period of which is between 1 January 2018 and 31 December 2018, and Euros 1,902 thousand derived from the contingent liability in the acquisition of Price Chemicals Pty Ltd. (see note 5).

At 31 December 2014 liabilities for business acquisitions included Euros 22,797 thousand, which was the best estimate of the fair value of the long-term contingent consideration derived from the acquisition of the Aqua Group. This amount was in USD dollars and was classed as a financial liability at fair value through profit or loss. The Group re-estimated the fair value of this financial liability and recognised Euros 5,750 thousand under finance income in the consolidated income statement for the year ended 31 December 2014 corresponding to the re-estimated contingent liability originally recognised. This contingent liability has been recognised as current in 2015 (see note 19).

Other includes Euros 495 thousand (Euros 319 thousand in 2014) corresponding to loans extended by the Centre for Technological and Industrial Development (CDTI) at a finance cost of between 0.6% and 2%.

This item also includes Euros 1,196 thousand consisting of the deferred payment relating to the companies acquired in the current year.

21. Risk Management Policy

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

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

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

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

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

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

The internal audit department is responsible for the monitoring and correct functioning of the risk management systems.

The objectives of the Audit Committee are:

- To respond to any questions raised by shareholders at their general meeting on matters which fall within its remit.
- To propose to the board of directors, for their presentation to the shareholders, the appointment of auditors or audit firms referred to in article 264 of the Spanish Companies Act, as well as their terms of contract, scope of professional tenure and, where applicable, their renewal or otherwise.
- To supervise the effectiveness of internal control at the Company, and, in particular, the internal control of financial information, internal auditing, where applicable, and the risk management systems, as well as discussing any significant weaknesses in the internal control system detected during the course of the audit with the auditors or audit firms.
- To oversee the preparation and filing of regulated financial information.
- To review the Company's accounts, monitor compliance with legal requirements and the correct application of generally accepted accounting principles, with the direct collaboration of the external and internal auditors.
- To establish the appropriate relationships with auditors or audit firms in order to receive information on any issues that could jeopardise the independence of the auditors, for verification by the committee, and on any other issues related to the audit process, and any other communications provided for in audit legislation and technical standards governing the audit profession. In any case, each year the committee should receive from the auditors or audit firms written confirmation of their independence from the entity or directly or indirectly related parties, as well as information on any other type of service rendered to these entities by the aforementioned auditors or audit firms, or by related individuals or entities in accordance with Spanish Audit Law 19/1988, of 12 July 1988.
- To issue each year, prior to the issue of the audit opinion, a report expressing an opinion on the independence of the auditors or audit firms. This report should also present an opinion on the rendering of the additional services mentioned in the previous point.

(Continued)

- To monitor compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the auditor's report are worded clearly and accurately, in addition to assessing the results of each audit.
- To supervise regulatory compliance with respect to transactions with related parties. In particular, the committee should ensure that information on these transactions is communicated to the market, in compliance with Ministry of Economy and Finance Order 3050/2004 of 15 September 2004.
- To verify compliance with the internal code of conduct, the regulations of the board of directors and, in general, the Company's rules of governance, and make the necessary proposals for their improvement.
- To receive information and, where applicable, issue a report on disciplinary measures expected to be imposed on members of the Company's senior management team.

The following main risks may affect achievement of business objectives:

Operational risk

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

Financial risks

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

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

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

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

In 2015 the following risks materialised:

- <u>Impact of the unfavourable economic situation in the People's Republic of China.</u>

During 2015 an overall downturn has been witnessed in the People's Republic of China, reflecting the current macroeconomic situation of the country, which has impacted on the region and, indirectly, the rest of the world. Fluidra has redefined its objectives based on reasonable criteria which enable them to be met. The Company has also driven sales in those market segments where the economic situation is more favourable.

(Continued)

Fluidra has made structural changes at an operational and logistics level to bring expectations into line and boost this segment.

- Failure to meet the forecasts for the US market

In 2011 Fluidra acquired the Aqua Group, the world leader in automatic cleaners with presence in the US and Israeli markets. The forecast growth and penetration of the US market have not reached the initially expected levels. At the same time, the value in use of the cash generating unit resulting from the acquisition of the Aqua Group fails to cover the value of net assets and allocated goodwill and therefore, goodwill resulting from the purchase has been impaired, reducing it by Euros 7.0 million.

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

- Development of new products

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

- Technological risks

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

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

- Irregularities in the management of the subsidiaries

During 2014 the Company adopted a number of measures that have been maintained during 2015. These measures are as follows:

- Incorporation of experts both in the Audit Committee and the internal audit team.
- Incorporation of human resources other than the internal audit team.
- Adaptation of the Ethics Committee to prevailing legislation and boosting of internal measures to promote the use of the ethical channel throughout the Group.

- New activities

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

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

- Human capital risks

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

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

(Continued)

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

- Process-related risks

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

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

- Climate risks

The Company manages climate risk through internationalisation and the development of products and applications that enable the use of installations in adverse weather conditions.

- Economic risks

A multidisciplinary team undertakes continuous measurement of the Company's assets to detect in advance any impairment and determine the actions to be taken to maintain the profitability of the operations in the Eurozone.

- Financial risks

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

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

a) Credit risk

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

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

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

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

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

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

The following tables provide an ageing analysis of unimpaired trade and other receivables in arrears at 31 December 2015 and 2014:

	2015	2014

(Continued)

Not past due	91,564	77,710
Past due	33,072	37,666
0-90 days	26,584	26,690
90-120 days	3,049	5,102
More than 120 days	3,439	5,874

b) Liquidity risk

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

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

The Group's exposure to liquidity risk at 31 December 2015 and 2014 is shown below. The following table provides an analysis of financial liabilities by contractual maturity.

	2015					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and Borrowings	69,393	25,654	32,865	39,291	83,409	2,567
Capital	63,715	20,998	28,679	35,867	81,579	2,526
Interest	5,678	4,656	4,186	3,424	1,830	41
Finance lease payables	1,905	2,408	1,768	1,619	200	157
Capital	1,880	2,400	1,756	1,617	199	156
Interest	25	8	12	2	1	1
Liabilities arising from derivative financial instruments	80	-	-	-	1,507	-
Trade and other payables	124,438	-	-	-	-	-
Other non-current liabilities	-	723	4,994	1,169	327	1,281
	195,816	28,785	39,627	42,079	85,443	4,005

(Continued)

	2014					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Loans and Borrowings	100,962	53,988	45,177	8,885	4,542	3,421
Capital	93,719	50,130	43,315	8,347	4,323	3,330
Interest	7,243	3,858	1,862	538	219	91
Finance lease payables	2,389	2,993	1,890	1,918	1,652	267
Capital	2,095	2,760	1,749	1,827	1,620	264
Interest	294	233	142	91	32	3
Liabilities arising from derivative financial instruments	115	90	1,117	-	-	-
Trade and other payables	99,842	-	-	-	-	-
Other non-current liabilities	-	1,229	26,577	190	-	1,932
	203,308	58,300	74,761	10,993	6,194	5,620

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

c) Currency risk

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

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

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

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

(Continued)

In particular (outside general policy), as a result of the business combination of the Aqua Group, the contingent consideration was denominated in US Dollars, but is not exposed to currency risk as the liability in foreign currency is naturally hedged by the asset. At 31 December 2014 forward rate and option hedging instruments were used to hedge this risk. Some of these forwards were recognised as hedging derivatives. In the sensitivity analysis, had the US Dollar strengthened/weakened by 10% against the Shekel, profit would have increased/decreased by Euros 663 thousand, without taking into account the effect of the hedging instruments used.

At 31 December 2015 had the Euro strengthened 10% against the US Dollar, the Australian Dollar, the Pound Sterling and the South African Rand, with the other variables remaining constant, consolidated profit after income tax would have been Euros 174 thousand higher. Had the Euro weakened 10% against the same currencies, consolidated profit after income tax would have been Euros 350 thousand lower, primarily as a result of the translation of receivables in foreign currency. The translation differences recognised in income and expenses would have been Euros 4,742 thousand higher had the Euro strengthened by 10%, and Euros 3,916 thousand lower had the Euro weakened by 10%.

At 31 December 2014 had the Euro strengthened 10% against the US Dollar, the Australian Dollar and the Pound Sterling, with the other variables remaining constant, consolidated profit after income tax would have been Euros 706 thousand higher. Had the Euro weakened 10% against the same currencies, consolidated profit after income tax would have been Euros 862 thousand lower, primarily as a result of the translation of receivables in foreign currency. The translation differences recognised in income and expenses would have been Euros 1,602 thousand higher had the Euro strengthened by 10%, and Euros 5,381 thousand lower had the Euro weakened by 10%.

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

d) Cash flow interest rate risks

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

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

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

Had interest rates been 25 basis points higher at 31 December 2015, with the other variables remaining constant, consolidated profit before income tax would have been Euros 475 thousand (Euros 514 thousand in 2014) lower or higher, mainly because of a higher or lower finance costs of borrowings at variable interest rates.

e) Market risk

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

22. Purchase Costs and Changes in Inventories

(Continued)

This caption of the income statement is as follows:

	Thousands of Euros	
	31.12.2015	31.12.2014
Raw materials and materials purchased	317,861	296,134
Changes in inventories of finished goods and work in progress	345	(2,304)
Changes in inventories of merchandise, raw materials and other supplies	307	(1,854)
Net charge to provision for obsolescence	917	(368)
Total	319,430	291,608

23. Services Rendered

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

24. Personnel Expenses

Details of personnel expenses in 2015 and 2014 are as follows:

	Thousands of Euros	
	31.12.2015	31.12.2014
Salaries and wages	113,481	104,581
Termination benefits (1)	1,508	3,644
Social Security	24,059	23,752
Other employee benefits expense	5,649	5,046
	144,697	137,023

(1) At 31 December 2014, termination benefits included Euros 3,183 thousand in indemnities arising from the industrial optimisation and the new commercial model.

The average headcount of the Group in 2015 and 2014, distributed by category, is as follows.

	31.12.2015	31.12.2014
Management	82	84
Sales, logistics and production	2,934	2,908
Administration and purchasing	701	683
	3,717	3,675

The average headcount with a disability higher or equal to 33% during 2015 was 44 employees (35 employees in 2014), 28 of these had the professional category of “Sales, logistics and production” and the 16 remaining “Administration and purchasing” (30 and 5, respectively in the prior year).

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

	31.12.2015		31.12.2014	
	Male	Female	Male	Female

(Continued)

Directors (including 1 senior executive)	9	-	9	-
Management	75	6	77	5
Sales, logistics and production	2,058	849	1,978	829
Administration and purchasing	367	343	346	329
	2,509	1,198	2,410	1,163

25. Other Operating Expenses

Details of other operating expenses are as follows:

	Thousands of Euros	
	31.12.2015	31.12.2014
Rentals and royalties	21,405	18,700
Repairs and maintenance	9,572	8,459
Independent professional services	11,825	12,474
Temporary employment expenses	4,267	3,848
Commissions	4,457	3,722
Sales transport and logistics services	29,663	25,347
Insurance premiums	2,337	2,342
Banking services	1,302	1,247
Advertising and publicity	7,892	7,370
Utilities	9,219	8,896
Communication	2,716	2,690
Travel expenses	9,088	8,489
Taxes	3,249	3,254
Changes in trade provisions	5,055	8,897
Guarantees	3,859	3,658
Others (*)	5,398	4,911
	131,304	124,304

(*) This includes remuneration of the board of directors, R&D expenditure and other expenses.

26. Operating Leases

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

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

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

	Thousands of Euros	
	2015	2014
Up to 1 year	13,008	14,095
Between 1 and 5 years	21,292	18,819

(Continued)

More than 5 years	5,576	6,337
	39,876	39,251

Operating lease instalments recognised as expenses for the year amount to Euros 21,405 thousand (Euros 18,700 thousand in 2014) (see note 25).

27. Finance Income and Costs

Details of finance income and costs are as follows:

	Thousands of Euros	
	31.12.2015	31.12.2014
Finance income		
Other finance income	121	955
Gains on fair value of financial instruments	9,877	9,183
Total finance income	9,998	10,138
Finance costs		
Debt interest (leases and loans)	(5,427)	(8,831)
Interest on drawdowns on facilities and discounted bills	(2,258)	(5,340)
Other finance costs	(4,320)	(3,630)
Losses on fair value of financial instruments	(1,701)	(45)
Impairment losses on financial assets available for sale	(33)	(235)
Impairment losses on financial assets at amortised cost, other than trade and other receivables	(518)	(301)
Losses on sale of associates	-	-
Total finance costs	(14,257)	(18,382)
Exchange gains/(losses)		
Exchange gains	48,316	16,286
Exchange losses	(49,690)	(17,435)
Total exchange differences	(1,374)	(1,149)
Net finance cost	(5,633)	(9,393)

Increases in the fair value of financial instruments include Euros 9,128 thousand relating to the estimated fair value of the contingent liability deriving from the acquisition of Aqua (in 2014 this item included income arising from the estimated fair value of the contingent liability derived from the acquisition of Aqua and Youli for Euros 7,900 thousand).

Other finance costs include Euros 610 thousand in respect of implicit interest arising from the contingent payments relating to the acquisition of the Aqua Group (see note 19) and Waterlinx Pty Ltd. (see note 20). At 31 December 2014 other finance costs included Euros 1,936 thousand in respect of implicit interest arising from the contingent payments relating to the acquisition of the Aqua Group (see note 20) and Fluidra Youli Fluid Systems (Wenzhou) Co, Ltd. (see note 19).

At 31 December 2015 other finance costs also include Euros 3,690 thousand reflecting expenses associated with the repayment of the syndicated loan, as well as expenses incurred on the new loan (see note 18).

At 31 December 2015 decreases in the fair value of financial instruments also include an amount of Euros 1,009 thousand from the cancellation of interest rate derivatives associated with the cancelled syndicated loan (see note 11).

28. Deferred Tax and Income Tax

(Continued)

During 2015 and 2014 the Group has filed consolidated tax returns through five tax subgroups: Fluidra, S.A., Swimco Corp S.L., Fluidra Services France, S.A.S., U.S. Pool Holdings Inc. and Fluidra Services Italia, S.R.L. The Parent of the Group is the parent of each of these subgroups and is responsible for filing the corresponding tax returns with the taxation authorities. The companies of each tax subgroup and the tax rate applicable are as follows:

Fluidra, S.A. (28%)

Fluidra Export, S.A.
Astramatic, S.A.U.
ATH, S.L.U.
Cepex, S.A.U.
Fluidra Commercial, S.A.U.
Fluidra Comercial España, S.A.U.
Fluidra Industry, S.A.U.
Fluidra J.V. Youli, S.L.
Fluidra Services España, S.L.U.
Industrias Mecánicas Lago, S.A.U.
Wayfit, S.L.
Inquide, S.A.U.
Metalast, S.A.U.
Poltank, S.A.U.
Fluidra Global Distribution, S.L.U.
Sacopa, S.A.U.
Talleres del Agua, S.L.U.
Togama, S.A.U.
Trace Logistics, S.A.U.
Unistral recambios, S.A.U.
Fluidra Engineering Services, S.L. (1)
Innodrip, S.L.U. (1)
Fluidra Industry España, S.L.U. (1)

Fluidra Services France, S.A.S. (33.33%)

Fluidra Commercial France, S.A.S.
Piscines Techniques 2000, S.A.S.
Fluidra Industry France, S.A.R.L

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

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

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

Fluidra Usa, LLC
Aquaproducts, Inc.
Fluidra Projects USA, Inc.

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

Fluidra Commerciale Italia, S.p.a.
Inquide Italia, S.R.L.

(1) Incorporated in 2015

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

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

	Thousands of Euros					
	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Finance leases	111	106	765	743	(654)	(637)
Property, plant and equipment and investment property	2,018	2,874	2,243	2,297	(225)	577
Deferred gains	40	40	1,764	1,764	(1,724)	(1,724)
R&D expenditure	12	18	107	96	(95)	(78)
Exchange gains/(losses)	1	-	278	132	(277)	(132)
Customer portfolio	967	666	1,712	127	(745)	539
Trademarks	-	-	738	260	(738)	(260)
Patents	-	-	2	2	(2)	(2)
Contractual relationships	45	-	(4)	1,608	49	(1,608)
Inventories	3,627	3,216	562	23	3,065	3,193
Provisions for inventories	1,034	813	1	-	1,033	813
Trade provisions	3,311	3,634	-	1	3,311	3,633

(Continued)

Other provisions	2,277	1,959	-	-	2,277	1,959
Credit for tax loss carryforwards and deductions	9,086	8,923	1	-	9,085	8,923
Goodwill	-	-	10,348	9,940	(10,348)	(9,940)
Other items	10,788	11,034	6,008	5,588	4,780	5,446
	33,317	33,283	24,525	22,581	8,792	10,702

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

	Thousands of Euros							
	31.12.2014	Gains and losses	Effect of change in tax rates on profit and loss	Equity	Business combinations (note 5)	Other	Transfers	31.12.2015
Finance leases	(637)	(30)	-	-	-	13	-	(654)
Property, plant and equipment and investment property	577	(575)	-	-	(342)	(220)	335	(225)
Deferred gains	(1,724)	-	-	-	-	-	-	(1,724)
R&D costs	(78)	(6)	-	-	-	(11)	-	(95)
Exchange losses	(132)	-	-	-	-	(145)	-	(277)
Customer portfolio	539	(835)	-	-	(2,383)	689	1,245	(745)
Trademarks	(260)	206	-	-	(833)	149	-	(738)
Patents	(2)	-	-	-	-	-	-	(2)
Contractual relationships	(1,608)	1,620	-	-	45	(8)	-	49
Inventories	3,193	(268)	65	-	-	75	-	3,065
Provisions for inventories	813	86	-	-	66	68	-	1,033
Trade provisions	3,633	(541)	(57)	-	52	224	-	3,311
Other provisions	1,959	244	4	-	219	(149)	-	2,277
Credit for tax loss carryforwards and deductions	8,923	203	34	-	-	260	(335)	9,085
Goodwill	(9,940)	2	-	-	-	(410)	-	(10,348)
Other items	5,446	797	(2)	76	-	(292)	(1,245)	4,780
Total	10,702	903	44	76	(3,176)	243	-	8,792

	Thousands of Euros						
	31.12.2013	Gains and losses	Effect of change in tax rate on profit and loss	Equity	Other	Transfers	31.12.2014
Finance leases	(644)	(21)	19	-	9	-	(637)
Property, plant and equipment and investment property	(905)	1,759	332	-	(62)	(546)	577
Deferred gains	(2,116)	12	152	-	228	-	(1,724)
R&D costs	(61)	(16)	-	-	(1)	-	(78)
Exchange gains/(losses)	(227)	-	-	-	94	-	(132)
Customer portfolio	493	483	-	-	173	(610)	539
Trademarks	(540)	251	30	-	(1)	-	(260)
Patents	-	(2)	-	-	-	-	(2)
Contractual relationships	(2,198)	587	-	-	4	-	(1,608)
Inventories	3,395	(162)	(41)	-	1	-	3,193
Provisions for inventories	427	270	51	-	29	36	813

(Continued)

Trade provisions	2,639	782	56	-	208	(52)	3,633
Other provisions	2,166	(80)	(66)	-	129	(190)	1,959
Credit for tax loss carryforwards and deductions	10,078	(543)	(422)	-	(525)	335	8,923
Goodwill	(9,779)	(94)	285	-	(352)	-	(9,940)
Other items	2,208	2,423	(1,105)	(4)	896	1,027	5,446
Total	4,936	5,649	(709)	(4)	830	-	10,702

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

Initially, the shareholders contributing shares in the aforementioned transaction adhered to this tax exemption, therefore transferring the commitment with the taxation authorities for the corresponding deferred tax liability, which amounts to Euros 7,790 thousand, to the Parent. Nevertheless, on 31 March 2006 these shareholders signed a commitment to reimburse the Parent for the total amount of this exemption, which will be required in the event that the associated shares are sold by the Parent or the corresponding tax is directly settled by the contributing shareholders should they sell all or part of the shares received in exchange for this contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax liability and a non-current receivable, both for an amount of Euros 7,790 thousand. Should the Company generate a receivable from the contributing shareholders, the amount payable by the contributing shareholders will be set off by future dividends to be distributed by the Company. As a result of the disposal of shares by the shareholders on 31 October 2007 in relation to the flotation of the Company on the stock market, this non-current deferred tax liability and the non-current receivable have been reduced by Euros 1,365 thousand, included in Other non-current receivables (see note 13). At 31 December 2015 neither the non-current deferred tax liability nor the non-current receivable has varied (at 31 December 2014 they were reduced by Euros 227 thousand due to the change in the tax rate in Spain pursuant to Income Tax Law 27/2014 of 27 November 2014).

Items charged and credited directly to consolidated equity for the year relating to hedging instruments and the provision for long-term defined benefit payments amounted to Euros 76 thousand in 2015 and Euros (4) thousand in 2014.

Remaining deferred tax assets and liabilities recognised and reversed in 2015 and 2014 have been charged or credited to the income statement, except for those generated by business combinations or other items.

Deferred tax assets and liabilities expected to be reversed in the next 12 months amount to Euros 1,152 thousand and Euros 19,814 thousand, respectively (Euros 512 thousand and Euros 18,378 thousand, respectively, in 2014).

Details of the income tax expense are as follows:

	Thousands of Euros	
	2015	2014
Current tax		
Present year	8,558	8,051
Tax deductions	(1,025)	(237)
Prior year adjustments	(578)	349
Provision for taxes	-	-
Other	250	319

(Continued)

Deferred tax		
Source and reversal of temporary differences	(700)	(6,192)
Credit for tax loss carryforwards and deductions	(203)	543
Effect of change in the tax rate	(44)	709
Total income tax expense	6,258	3,543

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

	Thousands of Euros	
	2015	2014
Current tax	7,533	7,814
Withholdings and payments on account during the year	(6,971)	(7,789)
Other	(463)	-
Translation differences	(66)	15
Tax payable 2014	(3,041)	-
Tax payable 2013	-	(487)
	(3,008)	(447)

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

	Thousands of Euros	
	2015	2014
Profit for the year from continuing operations, before income tax	20,473	12,075
Profit at 28%	5,732	-
Profit at 30%	-	3,623
Effect of application of tax rates in different countries	4,706	3,164
Permanent differences	(2,738)	(2,716)
Offset of loss carryforwards not recognised in prior years	(153)	(480)
Difference in prior years' income tax expense	(578)	349
Tax deductions	(1,025)	(787)
Effect of change in the tax rate	(44)	709

(Continued)

Other	358	(319)
Income tax expense	6,258	3,543

Deferred tax assets relating to tax loss carryforwards and deductions not recognised in the Group's consolidated financial statements at 31 December 2015 and 2014 are as follows:

	Thousands of Euros	
	2015	2014
Deductions	4,184	3,926
Tax losses	4,901	4,997
	9,085	8,923

The Group only recognises deductions and tax losses when it considers their recovery is probable. In 2015, Euros 427 thousand of tax loss carryforwards and deductions have been used which were capitalised in prior years (Euro 2,795 thousand in 2014). As a result mainly of the tax losses of the Spanish companies that file consolidated tax returns, in 2015 the Group has recognised Euros 630 thousand in deductions and tax loss carryforwards (Euros 3,001 thousand in 2014).

The reversal amounts and terms of the deductions capitalised at 31 December 2015 are as follows:

Years	Thousands of Euros	Final year
2007-2012	1,616	2022-2030
2013	750	2031
2013	15	2028
2014	550	2032
2015	900	2033
2004-2015	353	No time limit
	4,184	

The amounts and terms of the reversal of tax loss carryforwards capitalised at 31 December 2015 are as follows:

Years	Thousands of Euros	Final year
2009	792	2027
2013	463	2031
2014	1,519	2032
2015	242	2021
2009-2015	1,885	No time limit
	4,901	

(Continued)

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

	Thousands of Euros	
	2015	2014
Deductions	2,085	1,871
Tax losses	20,170	15,856
	22,255	17,727

Deductions not capitalised and the related reversal periods at 31 December 2015 are as follows:

Years	Thousands of Euros	Final year
2004-2013	1,772	2015-2029
2014	110	2029
2014	62	2032
2015	85	2030
2011-2015	56	No time limit
	2,085	

Tax loss carryforward amounts and reversal periods are as follows:

Year	Thousands of Euros	Final year
2002-2013	17,406	2014-2033
2014	33	2018
2014	24	2019
2014	3	2020
2014	30	2021
2014	129	2024
2014	7,975	2044
2015	15	2020
2015	11	2021
2015	3	2022

(Continued)

2015	56	2025
2015	240	2033
2015	8,527	2035
2002-2015	25,705	Losses with no time limit for offsetting
	60,157	

The companies Certikin Italia, S.p.A., Fluidra Commerciale Italia, S.P.A., Aquatron Robotic Technology, Ltd., Manufacturas Gre, S.A.U., Poltank, S.A.U., Fluidra, S.A., Fluidra Commercial, S.A.U., Fluidra Export, S.A., Metalast, S.A.U., and Fluidra Industry, S.A.U. are currently being inspected by the taxation authorities, as mentioned in the notes to their respective annual accounts. The Fluidra Group does not expect any significant liabilities to arise as a result of these inspections.

The Spanish companies have the following years open to inspection:

Tax	Years open to inspection
Income tax	2011 to 2015
Value added tax	2012 to 2015
Personal income tax	2012 to 2015
Business activities tax	2012 to 2015

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

29. Related Party Balances and Transactions

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

	Thousands of Euros			
	31.12.2015		31.12.2014	
	Receivables	Payables	Receivables	Payables
Trade receivables	230	-	493	-
Trade receivables	37	-	28	-
Suppliers	-	590	-	525
Trade payables	-	20	-	13
Total current	267	610	521	538

a) Consolidated Group transactions with related parties

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

a. Purchases of finished goods, especially spas and accessories from Iberspa, S.L. (held by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.).

b. Building rental agreements between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Inmobiliere (entered into by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.), recognised under costs for services received.

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

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

(Continued)

The Company is related to the aforementioned parties through common significant shareholders.

Consolidated Group transactions with related parties are as follows:

	Thousands of Euros			
	31.12.2015		31.12.2014	
	Associates	Related entities	Associates	Related entities
Sales	581	705	615	794
Income from services	-	203	-	250
Purchases	-	(3,878)	-	(3,372)
Service expenses and other	-	(3,289)	-	(3,374)

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

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

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

	Thousands of Euros	
	2015	2014
Total key management personnel	1,482	1,546
Total Parent directors	1,346	1,241

The members of the Parent's board of directors have received a total of Euros 924 thousand in 2015 (Euros 853 thousand in 2014), respectively, from the consolidated companies in which they are directors. In addition, they have received a total of Euros 422 thousand for executive functions in 2015 (Euros 388 thousand in 2014). The members of the board of directors also received amounts for travel expenses totalling Euros 83 thousand (Euros 74 thousand in 2014).

The Company has a pension commitment with a senior executive consisting of complementary income in the event of permanent disability whilst employed by the Company. This commitment has been externalised through a life insurance policy, for which the Company has recognised an expense of Euros 16 thousand during 2015 (Euros 10 thousand in 2014).

The Company also contributes Euros 16 thousand (Euros 16 thousand in 2014) to cover the risks of survival, death and temporary or permanent disability for the same director referred to above.

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

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

The plan is implemented through two instruments:

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

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

(Continued)

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

The expense incurred on this plan has totalled Euros 1,050 thousand during the years in which it has been in force (2011-2015). An amount of Euros 66 thousand has been recognised in equity at 31 December 2015 (Euros 188 thousand at 31 December 2014).

The settlement made to the beneficiaries of the plan in 2015 has totalled 98,460 shares equivalent to Euros 315 thousand (100,305 shares with a value of Euros 323 thousand in 2014).

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

The plan is implemented through two instruments:

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

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

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

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

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

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

At their general meeting held on 5 May 2015, the shareholders agreed the cancellation and early termination of the third cycle of the share-based payment plan for Fluidra Group executives in force until that date, in accordance with its renewal on 5 June 2013. This cancellation agreement does not affect the cycles granted prior to the adoption of the current agreement, the agreements for which will remain in force under the terms and conditions prevailing to date.

At 31 December 2015 the amount recognised in equity for this item amounts to Euros 169 thousand (Euros 125 thousand at 31 December 2014). The best estimate of the whole Plan amounts to approximately Euros 420 thousand. The fair value of the first cycle granted on 15 July 2013 amounted to Euros 195 thousand and the fair value of the second cycle granted on 15 July 2014 amounts to Euros 225 thousand.

On 5 May 2015 the shareholders also approved the new long-term variable remuneration plan for executive directors and the management team of Fluidra, S.A. and the subsidiaries comprising the consolidated group.

The new plan is implemented through the granting of a certain number of performance share units (PSUs), which will be settled by the issuance of Company shares once a specified period of time has elapsed. Of these PSUs, 25% can be converted directly into shares once certain length-of-service requirements have been met, whereas conversion of the remaining 75% is subject to the achievement of the following financial targets: 50% dependent on the trading performance of Fluidra shares, and 50% on the performance of the EBITDA of Fluidra or the EBIT of the Fluidra subsidiary under the charge of the beneficiary.

The maximum number of PSUs to be granted under the new plan totals 1,869,900, without prejudice to the inclusion of new directors to this plan with a maximum limit of 2,161,920 shares.

(Continued)

At 31 December 2015 the amount recognised in equity for this item amounts to Euros 274 thousand. The best estimate of the whole Plan amounts to approximately Euros 2,485 thousand.

The new plan will start on 1 January 2015 and end on 31 December 2018, although the effective settlement will take place in January 2019.

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

In 2015 and 2014 the directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

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

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

30. Environmental Information

The most significant systems, equipment and installations included as property, plant and equipment at 31 December 2015 and 2014, the purpose of which is to minimise the environmental impact and protect and improve the environment, are as follows:

	2015		
	Thousands of Euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,016	(2,722)	294
Energy saving	1,114	(310)	804
Reduction of emissions	763	(739)	24
Contamination reduction	726	(657)	69
	5,619	(4,428)	1,191

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

Expenses incurred to protect and improve the environment during 2015 and 2014 have been as follows:

(Continued)

	Thousands of Euros	
Description of expenses	2015	2014
External services	333	134
Environmental protection	143	210
	476	344

The directors consider that no significant contingencies exist concerning the protection and improvement of the environment, and accordingly, no provision has been made for liabilities and charges by any Group company at 31 December 2015 and 2014.

During the years ended 31 December 2015 and 2014 no environmental grants have been received.

31. Other Commitments and Contingencies

At 31 December 2015 and 2014 the Group has not presented any mortgage guarantees.

At 31 December 2015, the Group has guarantees with banks and other entities amounting to Euros 5,653 thousand (Euros 3,878 thousand in 2014), of which Euros 638 thousand consist of technical guarantees (Euros 541 thousand in 2014).

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

The crossed call/put options on the share capital of Calderería Plástica del Norte, S.L. and Waterlinx Pty Ltd are carried as liabilities on the statement of financial position at 31 December 2015 for amounts of Euros 800 thousand and Euros 2,249 thousand, respectively ((Euros 800 thousand, Euros 468 thousand and Euros 217 thousand for Calderería Plástica del Norte, S.L., SSA Fluidra Osterreich GmbH and Veico Com Br. Industria e Comercio, Lda., respectively, at 31 December 2014).

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

At the general meeting held on 5 June 2013 the shareholders approved a new share ownership plan for the Company's managing director and those members of the management team that belong to the Group's Executive Committee (see note 29).

At their general meeting held on 5 May 2015, the shareholders agreed the cancellation and early termination of the third cycle of the share-based payment plan for Fluidra Group executives in force until that date, in accordance with its renewal on 5 June 2013. This cancellation agreement does not affect the cycles granted prior to the adoption of the current agreement, the agreements for which will remain in force under the terms and conditions prevailing to date (see note 29).

At the same meeting, the shareholders also approved the new long-term variable remuneration plan for executive directors and the management team of Fluidra, S.A. and the subsidiaries comprising the consolidated group (see note 29).

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

(Continued)

KPMG Auditores, S.L., the auditors of the Group's consolidated annual accounts, invoiced the Group the following net fees for professional services during the years ended 31 December 2015 and 2014:

	Thousands of Euros	
	31.12.2015	31.12.2014
Audit services	523	545
Other assurance services	18	12
Other assurance services	10	10
Total	551	567

The amounts detailed in the above table include the total fees for services rendered in 2015 and 2014, irrespective of the date of invoice.

Other affiliates of KPMG International invoiced the Group the following net fees for professional services during the years ended 31 December 2015 and 2014:

	Thousands of Euros	
	31.12.2015	31.12.2014
Audit services	433	289
Other assurance services	-	-
Tax advisory services	27	7
Other services	26	48
Total	486	344

Furthermore, other auditors different from KPMG invoiced the Group net fees for professional services during the years ended 31 December 2015 and 31 December 2014, as follows:

	Thousands of Euros	
	31.12.2015	31.12.2014
Audit services	31	115
Other assurance services	-	-
Tax advisory services	-	49
Other services	-	-
Total	31	164

33. Late Payments to Suppliers

(Continued)

The information on late payments to suppliers in Spain, in accordance with Law 31/2014 of 3 December 2014 which establishes measures to combat payment default on commercial transactions, is as follows:

	2015
	Days
Average supplier payment period	66.76
Transactions paid ratio	67.08
Transactions payable ratio	64.42
	Amount (thousands of Euros)
Total payments made	215,763
Total payments outstanding	29,520

In accordance with the resolution of the Spanish Institute of Accounting and Auditing (ICAC) of 29 January 2016, as 2015 is the first year of application of Law 31/2014 of 3 December 2014, which amends the third additional provision of Law 15/2010 of 5 July 2010, implementing measures to combat late payments in commercial transactions, no comparative information is presented in relation to this new obligation and the annual accounts have been classified as opening annual accounts for the sole purpose of the principle of uniformity and the comparability requirement.

34. EBITDA

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

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

Calculation of EBITDA for 2015 and 2014	Thousands of Euros	
	31.12.2015	31.12.2014
Sale of merchandise and finished goods	647,296	593,804
Revenue from the rendering of services	14,485	11,334
Non-current self-constructed assets	5,195	4,779
Profit on sale of fixed assets	570	5,469
Changes in inventories of finished goods and work in progress and supplies of raw materials	(319,430)	(291,608)
Personnel expenses	(144,697)	(133,840)
Other operating expenses	(131,304)	(124,304)
Share in profit for the period of equity-accounted investees	36	39

(Continued)

EBITDA	72,151	65,673

35. Events after the Reporting Period

In early 2016 the Group acquired the goodwill of the French company EGT Aqua to market wooden pools in Europe in both the mass market and professional channels. The transaction, valued at approximately Euros 1 million, includes the pool designs and the wide experience in the sale of these products in the large retail channel. EGT Aqua sells around 5,000 pools per year and has a market share of over 30%, making it the leading wooden pool distributor in France.

(Continued)

General business performance

The Fluidra Group has sales of Euros 647.3 million at the 2015 reporting date, up 9.0% on the prior year (+5.8% at the constant exchange rate).

The performance of sales by quarter shows increases of 3.2% in the first quarter (a 2% decrease at the constant exchange rate), 6.1% in the second quarter (growth of 2.4% at the constant exchange rate), 10.2 in the third quarter (growth of 8.8% at the constant exchange rate), and 19.2 in the last quarter of the year (growth of 16.8% at the constant exchange rate).

To analyse sales, in addition to the effect of the exchange rate, in which the conversion of the currencies of the markets in which the Company operates has been favourable, there are two other effects to bear in mind, as follows:

- Firstly, the divestitures in the prior year, primarily in the French market, with the sale of Irrigaronne (irrigation product distribution company) should be taken into account. The divested company contributed sales of Euros 15.1 million in the previous year.
- Secondly, the most significant acquisition during the year: Waterlinx, the leading company in the South African market. This acquisition consolidated our sales in the southern cone of the African continent, offsetting the seasonal nature of sales in our main markets. These acquisitions have contributed sales of Euros 18.2 million during the year.

All this resulted in a 5.4% rise in sales on a like-for-like basis and at a constant currency rate.

If we analyse sales by geographical area, the double-digit growth in sales in the Spanish market is noteworthy (+11.4%). The performance of the French market (-12.3%) is affected by the divestiture in the above-mentioned irrigation sector. Excluding this effect, the growth would be +3.0%. The rest of the markets show robust performances: Southern Europe (+6%), Central and Western Europe (+5.4%). However, we see two opposing scenarios in Asia and Australia. On the one hand, the scenario in Asia has been characterised by the slump in sales in China, due to its economic situation, partly offset by the rest of the markets in the Asian region. On the other hand, Australia has recorded double-digit growth.

In light of the above, we can conclude that the performance of sales has been very positive in the European markets, has slumped primarily in China and has been excellent in Australia and the rest of the world because of the incorporation of Waterlinx.

In terms of sales by business unit, the pools division has recorded growth of 11.8%, with highly significant organic growth in the commercial pools division (+22.5%), and a 9.7% rise in the private pools division, of which 6.7% is organic. The water treatment division's sales show growth of 22.2%, of which 13% is organic, mainly due to the strong performance of sales of the chemical product during the campaign. The irrigation business unit has been affected by the divestiture in France. Excluding this effect, this business unit would have reported growth of 42%, compared with a nominal decline of 29%. Sales of the conduction fluid unit have remained flat.

EBITDA has increased by 9.9% from Euros 65.7 million in the prior year to Euros 72.2 million this year.

This increase is due to the rise in sales, with a slight decrease in the gross margin percentage. The rise in sales has contributed an amount of Euros 27.2 million to EBITDA, while the drop in gross margin percentage has had a negative impact thereon of Euros 1.6 million. The gross margin has remained stable, absorbing the impacts of exchange rates on the price of raw materials and the unfavourable mix mainly due to the higher growth in water treatment sales compared with those of private swimming pools.

Net operating costs (the sum of personnel costs and other operating costs net of income from services rendered and non-current self-constructed assets, profit on the sale of fixed assets and prior to changes in trade provisions) show a 10.1% increase. To analyse this figure the following two issues should be excluded:

- The effect of profits on divestitures in southern Europe in 2014 with the sale of Irrigaronne SAS (a company engaged in the distribution of irrigation products in the French market) (Euros 2.2 million), and the sale of two buildings for Euros 3.1 million. This effect represents a 2.5% increase.
- The effect of exchange rates on the conversion of operating costs in subsidiaries is Euros 6.1 million, which represents a 2.9% rise.
- The net effect of Waterlinx and Irrigaronne on operating costs, which is Euros 2.4 million (including transaction and integration expenses), representing 0.9% of the increase.

(Continued)

Therefore, operating costs net of operations on a like-for-like basis and at a constant exchange rate have increased by 3.9%, which is lower than the rise in sales on a like-for-like basis and at a constant exchange rate (5.4%).

Trade provisions decreased by Euros 3.8 million due to improved average collection periods in southern Europe, with no one-off incidents of insolvency in any area. This provision has returned to around 1% of sales, mainly because of a better economic climate and improved risk control in the main markets in which the Company operates.

In light of all of the above, if we exclude the effect of non-recurring profits on divestitures in the prior year, and the effect of expenses associated with the restructuring of the syndicated loan, EBITDA would reflect an increase of 19.8%, twice the rise in sales.

Depreciation and amortisation and impairment losses include the exceptional impairment loss on the goodwill of Aqua, of Euros 7.0 million, due to the decline in the profitability of this investment in the US market, in which the expected results have not materialised.

Finance costs are down from Euros -9.4 million in 2014 to Euros -5.6 million in 2015, mainly because of the following three effects:

- The negative impact of expenses associated with the restructuring of the syndicated loan in the first quarter of the year, and with the cancellation of expenses associated with the previous syndicated loan (Euros 4.7 million).
- A positive effect of Euros 9.1 million (Euros 7.9 million in 2014) as a result of the re-estimation of the fair value of contingent considerations.
- A positive effect resulting from the decrease in the cost of debt and in the average net financial debt with respect to 2014, with an impact of approximately Euros 6 million on finance costs.

Net profit attributable to the Parent rose from Euros 6.6 million to Euros 13.0 million, due to the increase in EBITDA, up from 1.1% of sales to 2.0% of sales.

As regards the Group's consolidated statement of financial position, net working capital performed satisfactorily, dropping by Euros 6.8 million, with a slight improvement in average collection, payment and inventory rotation periods. The decrease is mainly because of the reclassification of the Euros 16.9 million contingent consideration derived from the acquisition of Aqua as current.

Investments in property, plant and equipment and in other intangible assets have risen by Euros 7 million, reaching Euros 26.9 million in 2015. The increase is mainly due to investments in the Australian market and installation and licence costs derived from the design and implementation of the Group's new ERP (Project Invictus).

Net financial debt rose from Euros 151.6 million to Euros 162.3 million basically due to the inclusion of the net financial debt of Waterlinx, and payments made for this acquisition.

At the reporting date the Group's headcount has increased by 134 employees , of whom 68% are male and 32% are female. The average headcount at 31 December 2015 is 3,717 persons.

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

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

Overview of risk policy

See note 21.

Own shares

During 2014 the Company carried out several purchases (560,664 shares) and sales (286,798 shares) of own shares. At year end the Company held 509,786 own shares, representing 0.45% of its capital and a total cost of Euros 1,561 thousand.

Research, development and technological innovation

Investments in research, development and technological innovation amounted to Euros 4,474 thousand during 2015

Events after the reporting period

See note 35

(Continued)

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

2015

On 30 March 2016 the board of directors of Fluidra, S.A. authorised for issue the consolidated annual accounts in conformity with International Financial Reporting Standards as adopted by the European Union (including the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts) for the year ended 31 December 2015. All the members of the board of directors sign this sheet as a sign of conformity and the non-executive Secretary to the Board, Mr. Albert Collado Armengol has signed each of the pages of the aforementioned documents for identification purposes.

Mr Eloy Planes Corts

Mr Oscar Serra Duffo

Mr Bernardo Corbera Serra

Dispur, S.L.
Ms Eulalia Planes Corts

Aniol, S.L.
Mr Bernat Garrigós Castro

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

Mr Richard Cathcart

Mr Juan Ignacio Acha-Orbea Echeverría

Mr Gabriel López Escobar

Mr Jorge Valentín Constans Fernández

FLUIDRA, S.A.
AND SUBSIDIARIES

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

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

Fully consolidated subsidiaries

- Fluidra Commercial, S.A.U with registered office in Sabadell (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.
- Fluidra Comercial España, S.A.U. with registered office in Polinyà (Barcelona), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems. This is the parent of the F.C. España Group, the head of which holds 100% of Ideal Pool Innovations, S.L.U. and 67.5% of Technical Pool Service, S.L.
- Fluidra Commercial France, S.A.S., with registered office in Perpignan (France), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Belgique, S.R.L. with registered office in Carcelles (Belgium), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Astralpool UK, Ltd., with registered office in Hants (England), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Deutschland, GmbH, with registered office in Hirschberg (Germany), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Commerciale Italia, S.P.A., with registered office in Hirschberg (Germany), the statutory activity of which involves the manufacture, sale and purchase, distribution, commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Services Italia, S.R.L. with registered office in Brescia (Italy), the statutory activity of which involves rendering services and conducting real estate activities.
- Astral Pool Switzerland, S.A., with registered office in Bedano (Switzerland), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra Export, S.A., with registered office in Polinyà (Spain) is dedicated to trading all type of products and goods on both domestic and foreign markets, whilst its principal activity involves the commercialisation of swimming pool-related products, basically acquired from related companies.
- Fluidra Middle East, Fze., with registered office in Jebel Ali (Dubai), dedicated to the commercialisation of equipment for swimming pools and water treatment and related accessories.
- Fluidra Tr Su Ve Havuz Ekipmanlari AS, with registered office in Kartal (Turkey), dedicated to the import of equipment, chemical products and other accessories for swimming pools, for their subsequent distribution.
- Fluidra Maroc, S.A.R.L., with registered office in Casablanca (Morocco), the statutory activity of which is the import, export, manufacture, commercialisation, sale and distribution of parts for swimming pools, irrigation and water treatment systems.
- Astral Bazénové Prilslusenstvi Spol, S.R.O., with registered office in Praha-Vychod (the Czech Republic), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Fluidra Danmark A/S, with registered office in Roedekro (Denmark), importer of technical components and equipment for all types of water treatment processes.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- AO Astral SNG (formerly Zao “Astral Sng”), with registered office in Moscow (Russia), the principal activity of which is the purchase of swimming pool-related materials for their subsequent sale on the domestic market.
- Fluidra Magyarország, kft., with registered office in Budapest (Hungary), the principal activity of which is the commercialisation and assembly of machinery and accessories for swimming pools, irrigation and water treatment and purification systems.
- Fluidra Polska SP, Z.o.o., with registered office in Wroclaw (Poland), the principal activity of which is the commercialisation of swimming pool-related accessories.
- Fluidra Chile, S.A., with registered office in Santiago de Chile (Chile), the principal activity of which is the distribution and commercialisation of specific products for swimming pools, irrigation and water treatment and purification systems.
- Astral Pool México, S.A. de C.V., with registered office in Tlaquepaque (Mexico), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra USA, L.L.C., with registered office in Jacksonville (USA), dedicated to the commercialisation of swimming pool-related products and accessories.
- Astral India PVT LTD, with registered office in Mumbai (India), the principal activity of which is the commercialisation of swimming pool-related materials.
- Fluidra Portugal, Lda. Unipessoal, with registered office in São Domingo da Rana (Portugal), dedicated to the manufacture, sale and purchase, distribution commercialisation, export and import of all types of swimming pool-related products.
- Fluidra Global Distribution, S.L.U. (formerly Pool Supplier, S.L.U.), with registered office in Polinyà (Barcelona), engaged in the sale and purchase of swimming pool-related products and the distribution of these products among Group companies.
- Fluidra Hellas, S.A. with registered office in Aspropyrgos (Greece), the principal activity of which is the distribution of swimming pool-related materials.
- Astral Pool Australia PTY LTD, with registered office in Melbourne (Australia), the principal activity of which is the purchase, sale, production and distribution of machinery, equipment, products and special equipment for the maintenance of swimming pools and water systems. This is the parent of the Astral Holdings Australia Pty Ltd. Group, the parent of which holds 100% of the capital of Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd., Hurlcon Research Pty Ltd. (dormant), Rolachem Pty Ltd. (dormant) and Hendy Manufacturing Pty Ltd. (wound up) and Astral Pool Australia Pty Ltd.
- Astral Pool Hongkong CO. LTD, with registered office in Hong Kong (Hong Kong), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Singapore PTE LTD, with registered office in Singapore (Singapore), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Balkans JSC, with registered office in Plovdiv (Bulgaria), the principal activity of which is the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for the maintenance of swimming pools and water systems.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co. Ltd., with registered office in Tower E, Building 18, num. 238, Nandandong Road, Xu Hui District (Shanghai), the principal activity of which is the commercialisation of swimming pool products.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Piscines Techniques 2000 SAS (formerly Blue Water Parts, S.A.S.), domiciled in Perpignan (France), the statutory activity of which is the sale of swimming pool spare parts; purchase-sale of second-hand swimming pool equipment and water systems; sale, distribution, commercialisation, repair and maintenance of swimming pool, gardening, irrigation and water treatment equipment; and technical advisory to professionals of the swimming pool and water sector.
- Astralpool Cyprus LTD, with registered office in Limassol (Cyprus), the principal activity of which is the distribution of swimming pool-related products.
- Metalast, S.A.U., with registered office in Polinyà (Barcelona), dedicated to the manufacture of metal products, piping and street furniture, and the wholesale of accessories.
- Poltank, S.A.U. with registered office in Sant Jaume de Llierca (Girona), the statutory activity of which involves the manufacture and commercialisation of swimming pool filters by injection-moulding, projection or lamination.
- Sacopa, S.A.U. with registered office in Sant Jaume de Llierca (Girona), the principal activity of which is the transformation of plastics and their commercialisation and sale, as well as the manufacture, assembly, transformation, sale, purchase and distribution of all kinds of lighting and decoration apparatus and tools. Foreign and domestic trading activities regarding all kinds of goods and products, directly or indirectly related to the aforementioned products, their sale, purchase or distribution. The representation of foreign or national industrial and commercial firms/companies engaged in the manufacture of the aforementioned products.
- Unistral Recambios, S.A.U., with registered office in Maçanet de la Selva (Girona), the statutory activity of which involves the manufacture, sale and purchase and distribution of machinery, accessories, spare parts, components and specific products for the treatment and purification of water.
- Talleres del Agua, S.L.U., with registered office in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria), the statutory activity of which involves the construction, sale, installation, conditioning and maintenance of swimming pools, as well as the manufacture, sale and purchase, import and export of all types of swimming pool-related tools.
- Togama, S.A.U., with registered office in Villareal (Castellón), the statutory activity of which is the manufacture of ceramic insulators and insulating parts for electrical installations.
- Fluidra Industry, S.A.U with registered office in Polinyà (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.
- Productes Elastomers, S.A. with registered office in Sant Joan Les Fonts (Girona) is dedicated to the manufacture of rubber moulded parts and all kinds of natural rubber and synthetic products; the development of techniques for the maintenance of pressure cylinders; their repair and modification and in general, the preparation, manufacture and transformation of all kinds of rubber and plastic products.
- Ningbo Linya Swimming Pool & Water Treatment Co. Ltd, with registered office in Ningbo (China), the statutory activity of which is the design, research and development and manufacture of equipment for swimming pools and water disinfection, pumps, dehumidifiers, metallic products, plastic products and vitreous linings.
- Turcat Polyester Sanayi Ve Ticaret A.S., with registered office in Istanbul (Turkey), the statutory activity of which is the production, import, export and commercialisation of products and accessories, purification filters and chemical products.
- Fluidra Industry France, S.A.R.L., with registered office in Perpignan (France), the statutory activity of which is the manufacture of automatic swimming pool covers.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Ningbo Dongchuan Swimming Pool Equipments Co, LTD, with registered office in Ningbo (China), the statutory activity of which is the manufacture and installation of swimming pool equipment, brushes, plastic and aluminium products, industrial thermometers, water disinfection equipment and water testing equipment. It also imports and exports technology for its own use or as an agent.
- I.D. Electroquimica, S.L., with registered office in Alicante (Spain), the statutory activity of which is the sale of all kinds of machinery for the development of electrochemical processes and reactors.
- Swimco Corp., S.L.U, with registered office in Munguia (Vizcaya, Spain) the statutory activity of which involves the holding and use of shares, securities and other interests and advising, managing and administrating the companies in which it has an interest.
- Manufacturas Gre, S.A.U., with registered office in Munguia (Vizcaya, Spain), the statutory activity of which involves the manufacture and commercialisation of swimming pool-related products, materials and accessories.
- Me 2000, S.R.L., with registered office in Brescia (Italy), the statutory activity of which is the development and lease of buildings.
- Certikin International, Ltd., with registered office in Witney Oxon (England), the principal activity of which is the commercialisation of swimming pool-related products.
- Industrias Mecánicas Lago, S.A.U., with registered office in Sant Julià de Ramis (Girona), the statutory activity of which involves the manufacture and commercialisation of water pumps, swimming pools and associated accessories.
- Certikin Swimming Pool Products India Private Limited, with registered office in Bangalore (India), the principal activity of which is the commercialisation of swimming pool-related products.
- Cepex, S.A.U., with registered office in Granollers (Barcelona, Spain), the principal activity of which is the manufacture and distribution of injected plastics and in particular, plastic parts for valves.
- Pro Cepex, S.R.L., with registered office in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Cepex Mexico, S.A. de CV., with registered office in Mexico City (Mexico), the principal activity of which is the commercialisation of fluid conduction products.
- Agro-Cepex, S.A.R.L., with registered office in Casablanca (Morocco), the principal activity of which is the commercialisation of fluid conduction products.
- Certikin Middle East, FZE., with registered office in Dubai (United Arab Emirates), the principal activity of which is the commercialisation of fluid conduction products.
- Inquide, S.A.U., with registered office in Polinyà (Barcelona, Spain), the principal activity of which is the manufacture of products and chemical specialities in general, with the exclusion of pharmaceuticals.
- Inquide Italia, S.R.L., with registered office in Bedizzole, Brescia (Italy), the principal activity of which is the commercialisation of chemical water disinfection products.
- Certikin Portugal, Lda. with registered office in Estrada Nacional 249 – Parque Industrial Cabra Figa, Lote 15 Cabra Figa (Portugal), the principal activity of which is the commercialisation of chemical water disinfection products.
- Astramatic, S.A.U., with registered office in Polinyà (Barcelona), the principal activity of which is the commercialisation and manufacture of industrial water treatment equipment and items to be applied in the water sector.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- ATH Aplicaciones Técnicas Hidráulicas, S.L.U., with registered office in Cervelló, Calle Joan Torruella I Urbina, 31 (Barcelona, Spain), the activity of which is the wholesale and retail sale of machinery, materials, tools and accessories for water installations and treatment systems.
- Calderería Plástica del Norte, S.L., with registered office in Rentería (Guipúzcoa, Spain), the principal activity of which is the manufacture and commercialisation of plastic water purifying and treatment equipment.
- Trace Logistics, S.A.U, with registered office in Massanet de la Selva (Girona, Spain), the statutory activities of which is the consignment of goods in its warehouses and premises for storage, control and distribution to third parties upon request of the consigner; storage, loading and unloading and other supplementary services required to manage the distribution of these goods upon instruction of the consigner, as well as transport hiring and management.
- AP Inmobiliere, with registered office in Perpignan (France), the statutory activity of which is the development and rental of real estate.
- Fluidra Services France, S.A.S. with registered office in Perpignan (France), the principal activity of which involves rendering administration services, providing legal and financial services, managing and training personnel, and providing IT services.
- Fluidra South Africa (Pty) Ltd., with registered office in Brooklyn (Pretoria), dedicated to the manufacture, sale and purchase and distribution of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems.
- Way Fit, S.L. with registered office in Polinyà (Barcelona, Spain) the statutory activity of which comprises management, advisory services and execution of projects and works relating to sports, leisure and health centres, employing its own technical, personnel and organisational resources or subcontracting to third parties.
- Loitech (Ningbo) Heating Equipment, Co, Ltd., with registered office in Zhenhai (China), the statutory activity of which is the production and installation of swimming pool heating pumps, and products for their assembly.
- Astralpool (Thailand) Co., Ltd, with registered office in Samutprakarn (Thailand), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra (Thailand) Co., Ltd, with registered office in Samutprakarn (Thailand), dedicated to the holding and use of stocks and shares.
- Fluidra Services España, S.L.U., with registered office in Granollers (Spain), mainly involved in rendering administration services, providing legal, tax and financial services, managing and training personnel, and providing IT services.
- Fluidra México, S.A. DE CV. with registered office in Mexico City (Mexico), the statutory activity of which is the purchase and sale, import, export, storage, manufacture and general commercialisation of all types of all types of products, equipment, components, machinery, accessories and specific chemical products for the construction of swimming pools, irrigation and water treatment.
- Fluidra Egypt, Egyptian Limited Liability Company, with registered office in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.
- W.I.T. Egypt, Egyptian Limited Liability Company, with registered office in Cairo (Egypt), the principal activity of which is the commercialisation of swimming pool accessories.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Fluidra Österreich GmbH "SSA", with registered office in Salzburg (Austria), the principal activity of which is the commercialisation of swimming pool products.
- Splash Water Traders Private Limited, with registered office in Chennai (India), the principal activity of which is the commercialisation of swimming pool accessories.
- Fluidra Serbica, D.O.O. Beograd, with registered office in Belgrade (Serbia), the principal activity of which is the commercialisation of swimming pool accessories.

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

- US Pool Holdings, Inc. with registered office in Delaware (United States) dedicated to the holding and use of shares.
- Aquaproducts Inc. with registered office in New Jersey (United States), the principal activity of which is the manufacture and distribution of automatic cleaners for private and public pools.
- Aquatron Robotic Technology, Ltd., with registered office in Afula (Israel), the principal activity of which is the manufacture and distribution of automatic cleaners for private and public pools.
- Fluidra Brasil Indústria e Comércio LTDA. with registered office in Jardim Sao Luis (Brazil), the principal activity of which is the commercialisation, import, export and distribution of equipment, products and services for fluid conduction, irrigation, swimming pools and water treatment. It also holds shares and investments in other companies and renders technical assistance services for machinery, filters and industrial and electrical and electronic equipment and leases industrial and electrical and electronic machinery and equipment.
- Fluidra Al Urdoun Fz., with registered office in Zarqa Free Zone (Jordan), the principal activity of which is the commercialisation of material for swimming pools.
- Fluidra Romania, S.A., with registered office in Bucharest (Romania), the principal activity of which is the purchase and sale and distribution of machinery, equipment, material, accessories and specific products and equipment for swimming pool maintenance and water and irrigation systems.
- Fluidra Montenegro DOO, with registered office in Podgorica (Montenegro), the principal activity of which is the purchase and sale and distribution of machinery, equipment, material, accessories and specific products and equipment for swimming pool maintenance and water and irrigation systems.
- Fluidra Indonesia, PT, with registered office in Jakarta (Indonesia), the statutory activity of which is the purchase and sale, import, export, storage, manufacture and general commercialisation of all types of products, equipment, components, machinery, accessories and specific chemical products for the construction of swimming pools, irrigation and water treatment.
- Fluidra Youli Fluid Systems (Wenzhou) Co., LTD, with registered office in Luishi Town, Yueqing City (China), the principal activity of which is the development, production and sale of fluid conduction products.
- Fluidra JV Youli, S.L.U., with registered office in Sabadell (Barcelona), dedicated to the administration, management and operation of its investment in the share capital of the Chinese company “Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.
- Fluidra Colombia, S.A.S. with registered office in Montevideo-Bogotá D.C. (Colombia), dedicated to the purchase and sale, distribution, commercialisation, import and export of all types of machinery, equipment, components and parts of machinery, instruments, accessories and specific products for swimming pools, irrigation, and water treatment and purification systems in general, built with metal as well as all kinds of plastic and plastic derivatives.
- Veico Com. Br. Indústria e Comércio, LTDA with registered office in Ciudad de Brusque (Brazil) is dedicated to the manufacture and commercialisation of all kinds of articles and accessories for swimming pools.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Fluidra Sverige AB with registered office in Mölndal (Sweden), whose principal activity is the purchase, sale, import and export of product categories and products directly or indirectly required to commercialise materials for swimming pools, water treatment equipment and related activities.
- Fluidra Projects USA, Inc., with registered office in Wilmington (US), the statutory activity of which comprises management, advisory services and execution of projects and works relating to sports, leisure and health centres, employing its own technical, personnel and organisational resources or subcontracting to third parties.
- Fluidra Kazakhstan, Limited Liability Company with registered office in Almaty City (Republic of Kazakhstan), the statutory activity of which is the purchase of swimming pool material for subsequent sale on the domestic market.
- Innodrop S.L., with registered office in Les Franqueses del Vallès (Spain), the statutory activity of which is the rendering of services focusing on the sustainable use of water.
- Fluidra Engineering Services, S.L., with registered office in Sabadell (Barcelona, Spain), the statutory activity of which is the rendering of consultancy services for Group companies.
- Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam), the statutory activity of which is providing consulting services on, designation and installation of pool filtering systems and water applications, and the import, export, and wholesale and retail distribution of related products.
- Price Chemicals PTY LTD, domiciled in Melbourne (Australia), the statutory activity of which is the production and distribution of chemical products for pools and spas, as well as the import and local production of own brands of chemical products recognised in the residential and business markets.
- Trace Logistics France S.A.S., domiciled in Perpignan (France), the statutory activity of which is the rendering of merchandise and industrial product storage and distribution services, as well as all types of activities that would contribute to the development and expansion of its own activity.
- Fluidra Adriatic D.O.O., with registered office in Zagreb (Croatia), the principal activity of which is the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for the maintenance of swimming pools and water systems.
- Fluidra Holdings South Africa Pty Ltd, with registered office in Johannesburg (South Africa), engaged in the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.
- Waterlinx Pty Ltd, with registered office in Johannesburg (South Africa), the principal activity of which is the manufacture and distribution of pools, equipment and spa and garden accessories. This company is the parent of the Waterlinx Group, and holds a 100% interest in Waterlinx International Pty Ltd, y Waterlinx Industrial and Irrigation Pty Ltd.
- Fluidra Industry España, S.A.U., with registered office in Sabadell (Barcelona), dedicated to the holding and use of stocks and shares and advising, managing and administrating the companies in which it has an interest.

Equity-accounted associates

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

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2015
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Details of fully consolidated subsidiaries

	% Ownership		
	Direct	Indirect	
FLUIDRA COMMERCIAL, S.A.U.	100%		
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100%	(2)
FLUIDRA BELGIQUE, S.R.L.		100%	
ASTRALPOOL UK, LTD.		100%	
CERTIKIN INTERNATIONAL, LTD.		100%	
FLUIDRA DEUTSCHLAND GmbH		100%	
FLUIDRA COMMERCIALE ITALIA, S.P.A.		91%	
FLUIDRA SERVICES ITALIA, S.R.L.		91%	
ASTRAL POOL SWITZERLAND, S.A.		100%	
FLUIDRA EXPORT, S.A.		95%	
FLUIDRA MIDDLE EAST FZE		100%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS		51%	
FLUIDRA MAROC, S.A.R.L.		95.5%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%	
FLUIDRA DANMARK A/S		100%	
FLUIDRA SVERIGE AB		100%	
AO "ASTRAL SNG"		80%	
FLUIDRA MAGYARORSZÁG Kft.		90%	
FLUIDRA CHILE S.A.		99.48%	
FLUIDRA POLSKA, SP. Z.O.O.		95%	
ASTRAL INDIA Pvt, Ltd.		95%	
FLUIDRA PORTUGAL, LDA.		100%	
FLUIDRA HELLAS, S.A.		96.96%	
ASTRAL POOL MEXICO, S.A. DE C.V.		93.83%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.		100%	Formerly Pool Supplier, S.L.U.
TURCAT POLYESTER SANAYI VE TICARET,A.S.		25.50%	
ASTRAL POOL AUSTRALIA PTY LTD		100%	(2)
ASTRALPOOL HONG KONG CO, Ltd.		100%	
FLUIDRA SINGAPORE PTE. LTD		100%	
FLUIDRA BALKANS JSC		66.67%	
ASTRAL POOL CYPRUS, LTD		80%	
FLUIDRA EGYPT, Egyptian Limited Liability Company		90%	
W.I.T. EGYPT, Egyptian Limited Liability Company		89.9%	
FLUIDRA MEXICO, S.A. DE C.V.		100%	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co. Ltd.		100%	
ASTRAMATIC, S.A.		100%	
FLUIDRA SOUTH AFRICA (Pty), Ltd.		100%	
WAY FIT, S.L.		99.5%	
ASTRAL POOL (THAILAND) CO, Ltd.		99%	
FLUIDRA (THAILAND) CO, Ltd.		100%	
PRO CEPEX, S.R.L.		100%	

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2015

CEPEX MEXICO, S.A. DE C.V.		100%	
AGRO-CEPEX, S.A.R.L.		100%	
CERTIKIN MIDDLE EAST FZE		100%	
INQUIDE ITALIA, S.R.L.		91%	
SPLASH WATER TRADERS PRIVATE LIMITED		94.9%	
FLUIDRA ÖSTERREICH Gmbh "SSA"		95%	
FLUIDRA SERBICA, D.O.O. BEOGRAD		60%	
FLUIDRA MALAYSIA SDN.BHD.		100%	
ASTRAMATIC MALAYSIA SDN.BHD.		99.9%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO, LTDA		80%	
FLUIDRA ROMANIA S.A.		67%	
FLUIDRA AL URDOUN FZ		70%	
FLUIDRA INDONESIA PT.		100%	
FLUIDRA MONTENEGRO, DOO		60%	
FLUIDRA YOULI FLUID SYSTEMS (WENZHOU) CO, LTD.		70%	
FLUIDRA J.V. YOULI, S.L.U.		100%	
FLUIDRA COLOMBIA,S.A.S		100%	
VEICO COM. BR. INDÚSTRIA E COMÉRCIO LTDA		100%	
FLUIDRA KAZAKHSTAN, Liability Limited Company		60%	
FLUIDRA ENGINEERING SERVICES, S.L.		100%	
FLUIDRA VIETNAM, LTD		100%	(6)
FLUIDRA ADRIATIC D.O.O.		60%	(6)
PRICE CHEMICALS PTY LTD		100%	(7)
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD		100%	(6)
WATERLINX PTY LTD		100%	(7) / (2)
FLUIDRA INDUSTRY, S.A.U.	100%		
METALAST,S,A,U.		100%	
POLTANK, S.A.U.		100%	
SACOPA, S.A.U.		100%	
UNISTRAL RECAMBIOS, S.A.U.		100%	
TALLERES DEL AGUA, S.L.U.		100%	
TOGAMA, S.A.U.		100%	
PRODUCTES ELASTOMERS, S.A.		70%	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD.		100%	
TURCAT POLYESTER SANAYI VE TICARET,A.S.		50%	
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENTS CO, Ltd.		70%	
I.D. ELECTROQUÍMICA, S.L.		60%	
CEPEX S.A.U.		100%	
INQUIDE, S.A.U.		100%	
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	
LOITECH (NINGBO) HEATING EQUIPMENT CO, Ltd.		100%	
APLICACIONES TÉCNICAS HIDRÁULICAS, S.L.U.		100%	
US POOL HOLDINGS, INC		100%	
AQUAPRODUCTS, INC		100%	
AQUATRON ROBOTIC TECHNOLOGY, LTD		100%	
FLUIDRA USA LLC		100%	
FLUIDRA PROJECTS USA, INC.		100%	
A.P. IMMOBILIERE		100%	
FLUIDRA INDUSTRY ESPAÑA, S.A.U.			

FLUIDRA, S.A.
AND SUBSIDIARIES

Subsidiaries
31 December 2015

SWICORP., S.L.U.	100%		
MANUFACTURAS GRE, S.A.U.		100%	
ME 2000, S.R.L.		100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	
CALDERERÍA PLÁSTICA DEL NORTE, S.L.		80%	(3) - 100%
CERTIKIN PORTUGAL, LDA		80%	
FLUIDRA SERVICES FRANCE, S.A.S.	100%		
FLUIDRA COMMERCIAL FRANCE, S.A.S.		100%	
PISCINES TECHNIQUES 2000, S.A.S.		100%	Formerly Blue Water Parts, S.A.S.
FLUIDRA INDUSTRY FRANCE, S.A.R.L.		100%	
TRACE LOGISTICS, S.A.U.	100%		
TRACE LOGISTICS FRANCE, S.A.S.		100%	(6)
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%		
INNODRIP, S.L	100%		

Details of equity-accounted associates

ASTRAL NIGERIA, LTD.		25%	(1)

Details of companies consolidated at cost

DISCOVERPOOLS COM, INC.		11%	(1)

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.
(2) Astral Pool Australia Pty Ltd is a group of companies in which the parent holds a 100% interest in the capital of the Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, Rolachem Australia Pty Ltd and Hendy Manufacturing Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent holds 100% of the share capital of Ideal Pool Innovations, S.L.U. and 67.5% of Technical Pool Service, S.L. Waterlinx Pty Ltd is a group of companies, the head of which holds a 100% interest in the share capital of the companies Waterlinx International Pty Ltd, and Waterlinx Industrial And Irrigation Pty Ltd.
(3) Companies which have been fully consolidated in the consolidated annual accounts and for which the carrying amount of non-controlling interests has been derecognised.
(4) During the current year Ya Shi Tu (Ningbo) Water Treatment Equipment, LTD, Aquant (Shanghai) Trading Co, LTD. and Fluidra Services Portugal, Unipessoal, Lda. were wound up.

(5) During the year Hydroswim International, S.A.S. and Accent Graphic, S.L.U. were disposed of.

(6) Newly incorporated company.

(7) Companies acquired during the year (see note 5).

Fluidra, S.A. and Subsidiaries

Details of results by segment
for the year ended 31 December 2015
(Expressed in thousands of Euros)

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

	EUROPE	EXPANSION	OPERATIONS	Shared services	Adjustments and derecognition	Total consolidated figures
	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2015
Sales to third parties	356,617	219,889	70,790	-	-	647,296
Sales to third parties in Spain	119,314	560	21,170	-	-	141,044
Sales to third parties in France	68,290	165	12,291	-	-	80,746
Inter-segment sales	11,832	17,651	234,258	-	(263,741)	-
Sales of merchandise and finished goods of the segment	368,449	237,540	305,048	-	(263,741)	647,296
Services rendered and non-current self-constructed assets	8,042	2,602	6,735	2,724	(423)	19,680
Depreciation and amortisation and impairment	(3,038)	(16,093)	(18,515)	5,635	(14,034)	(46,045)
Results from operating activities of reportable segments	20,071	(2,436)	28,121	(1,451)	(18,235)	26,070
Finance income	738	5,387	5,704	4,557	(6,388)	9,998
Finance costs	(1,122)	(2,572)	(1,678)	(14,904)	6,019	(14,257)
Exchange gains/(losses)	2,111	(2,199)	1,813	(3,551)	452	(1,374)
Share of profit of associates	-	-	-	-	36	36
Profit/(loss) before income tax	21,798	(1,820)	33,960	(15,349)	(18,116)	20,473
Income tax income/(expense)	(6,171)	(2,540)	(8,417)	8,683	2,187	(6,258)
Profit from continuing operations	15,627	(4,360)	25,543	(6,666)	(15,929)	14,215
EBITDA	30,346	16,373	51,779	(22,194)	(4,153)	72,151
Other significant non-monetary items before income tax:	(1,328)	(5,753)	(462)	6,626	(3,961)	(4,878)

Fluidra, S.A. and Subsidiaries

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

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

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

Fluidra, S.A. and Subsidiaries

Details of assets and liabilities by segment
for the year ended 31 December 2015
(Expressed in thousands of Euros)

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

	EUROPE	EXPANSION	OPERATIONS	Shared services	Not allocated	Eliminations	Total consolidated figures
	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2015	31.12.2015
Assets							
Total non-current assets Spain	6,886	6	54,792	24,929	676,171	-	762,784
Total non-current assets Other	10,607	63,213	12,479	799	81,981	-	169,079
Total non-current assets Eliminated	-	-	-	-	-	(554,699)	(554,699)
Total non-current assets	17,493	63,219	67,271	25,728	758,152	(554,699)	377,164
Current operating assets[1]	102,894	124,956	121,299	42,283	-	(97,011)	294,421
Current operating liabilities[2]	46,124	73,114	64,294	28,448	-	(87,542)	124,438
Net working capital	56,770	51,842	57,005	13,835	-	(9,469)	169,983
Current non-operating assets	-	-	-	-	330,682	(255,347)	75,335
Current non-operating liabilities	-	-	-	-	325,492	(254,945)	70,547
Total current assets	102,894	124,956	121,299	42,283	330,682	(352,358)	369,756
Total current liabilities	46,124	73,114	64,294	28,448	325,492	(342,487)	194,985
Total non-current liabilities	-	-	-	-	268,071	(48,181)	219,890
Additions of non-current assets other than financial instruments and deferred tax assets	3,002	7,686	10,552	55,125	-	-	76,365

[1] Defined as trade and other receivables

[2] Defined as trade and other payables

Fluidra, S.A. and Subsidiaries

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

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

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

[1] Defined as trade and other receivables

[2] Defined as trade and other payables