

FLUIDRA HELLAS SA

Annual Financial Statements prepared
according to International Financial
Reporting Standards (IFRS) for the year
ended 31st December 2014

“FLUIDRA HELLAS S.A.”

Companies Reg. No. 57907/03/B/04/56 GEMI 121572107000

**REPORT
OF THE BOARD OF DIRECTORS
OF THE COMPANY**

**TO THE ANNUAL ORDINARY GENERAL MEETING OF SHAREHOLDERS
ON THE BALANCE SHEET AND THE RESULTS FOR THE YEAR 2014
(PERIOD 1.1.2014 – 31.12.2014)**

Dear Shareholders,

We have the honour to submit herewith for your consideration the financial statements of the Company for the year 1.1. - 31.12.2014, which were approved by the board of directors as of April 7 and are pending approval from the shareholders. These financial statements are presented on the basis of IFRS.

1. Business evolution of the Company

The economic environment of the market did not affect the operations of the company. The sales increased by 15,4% reaching 4.928.118 E versus 4.268.840 € 2013, while gross margin increased to 1.515.441 E versus 1.200.096 € in 2013.

On the same time, EBITDA increased to 338.896 E versus 274.470 E in 2013 and EBT rose to 358.236 E versus 292.856 € in 2013.

2. Financial position of the company

The company in 2014 had assets 7.278.210 E versus 6.309.707 E in 2013 and equity 4.882.505 E versus 4.526.762 E in 2013.

Analytically the financial statements of the company are the following:

		<u>31/12/2014</u>	<u>31/12/2013</u>
<u>ASSETS</u>			
Property Plant and Equipment		54.314	68.755
Intangible Assets		3.725	7.281
Non - current assets		133.699	264.027
Inventory		772.911	571.525
Receivables		3.740.186	3.561.145
Other current assets		2.573.375	1.836.975
TOTAL ASSETS		<u>7.278.210</u>	<u>6.309.707</u>
<u>EQUITY AND LIABILITIES</u>			
Issued Capital		5.541.250	5.541.250

Retained earnings and other reserves		-658.748	-1.014.488
Total Equity		<u>4.882.502</u>	<u>4.526.762</u>
Loans and borrowings		0	0
Provisions and other non current liabilities		1.781.792	1.616.301
Short term loans and borrowings		419.260	0
Other current liabilities		194.655	166.645
Total Liabilities		<u>2.395.707</u>	<u>1.782.945</u>
Total Equity and Liabilities		<u>7.278.210</u>	<u>6.309.707</u>

		01.01-31.12.2014			01.01-31.12.2013		
		Continuing operations	Discontinuing operations (ix)	Total (ix)	Continuing operations	Discontinuing operations (ix)	Total (ix)
Sales		4.928.118		4.928.118	4.268.840		4.268.840
Gross Margin		1.515.441		1.515.441	1.200.096		1.200.096
Earnings (Losses) before taxes, financing and investing activities		338.896		338.896	274.470		274.470
Earnings (Losses) before taxes		358.236		358.236	292.856		292.856
Earnings (Losses) after taxes		355.740		355.740	191.102		191.102
<u>Distributed to</u>							
Shareholders of Parent	(iv)	0		0	0		0
Shareholders of Minority	(iv)	0		0	0		0
After tax earnings per share (in Euro)	(v)	0,642		0,642	0,3449		0,3449
Proposed Dividend per share (in Euro)		0		0			0
EBITDA		361.094		361.094	314.730		314.730

	31.12.2014	31.12.2013
Equity as of 1/1/14 and 1/1/13 respectively	4.526.762	4.335.659
After tax earnings (losses) continuing and discontinuing operations	355.740	191.103
Increase (Decrease) of Equity		
Dividends distributed		
Income booked directly in Equity		
Acquisition (Sales) of Own Shares		
Equity as of 31/12/14 and 31/12/13 respectively	<u>4.882.502</u>	<u>4.526.762</u>

	01.01. – 31.12.2014	01.01. – 31.12.2013
<u>Cash flow from Operating Activities</u>	-	-
Collections from customers	4.755.973	4.222.267
Payments to suppliers, employees, etc	-4.465.516	-4.160.553
Tax Payments	-161.327	-96.928
Interest paid	-4.261	-744
Total cash flow from operations	<u>124.870</u>	<u>-35.958</u>
<u>Cash flow from Investing Activities</u>	-	-
Payments to buy non current assets	-4.200	-30.448
Collections from selling (payments for buying) financial assets	0	42.725
Interest collected	18.890	
Total cash flow from investing activities	<u>14.690</u>	<u>12.277</u>
<u>Cash flow from Financing Activities</u>	-	-
Collections from loans	561.818	0
Payment on loans	0	0
Payments on borrowings and finance leases	0	-6.914
Total cash flow from financing activities	<u>561.818</u>	<u>-6.914</u>
Net increase (decrease) in cash and cash equivalents	<u>701.378</u>	<u>-30.595</u>
Cash and cash equivalent at January 1st	1.546.327	1.576.922
Cash and cash equivalent at December 31st	<u>2.247.706</u>	<u>1.546.327</u>

The company performed well in 2014, increase the profitability and creating positive cash flows.

4. Forecasted course of the company, risks

The market contains significant political and economic risk. In order to minimize this risk, the Management has decided to continue enforcing the credit control policy and the control of operating expenses which were in effect during the past years producing positive effects.

4. Activities in the sector of research and development of new products

There are none. The Company has no production facility.

5. Foreign Currency available

There is no foreign currency available.

6. Financial instruments

There are none.

7. Property Assets of the Company

The company does not own property assets.

8. Branches of the Company

The company has no branches.

9. Proposal for Appropriation of Results

The earnings of the Company will partially offset the big losses booked in 2011.

10. Significant events occurred from the balance sheet date to the date of the present report.

Until the date of submission of this Report no other event has occurred that could significantly affect the financial position and the overall course of the company.

Dear Shareholders,

By virtue of the above, you are kindly invited to approve the financial statements for the year 2014 as well as the Notes to the financial statements and the above Report of the Board of Directors.

The Board of Directors

The Chairman	The Vice Chairman	The Managing Director	The Member
Eloy Planes Corts	Ignacio Elburgo Aramberri	Xeni Nicos	David Mendez Rodriguez
Passport AAC591902	Passport BC893250	Passport J028680	Passport AAG296543

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company "FLUIDRA HELLAS S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of the Company "FLUIDRA HELLAS S.A.", which comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's system of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As a result of our audit arose that the tax return of the company for the year 2010 has not been examined by the tax authorities as yet. Therefore, the tax results for this year have not been made final. The company has not proceeded to estimation of additional taxes and penalties, which may be assessed at a future tax audit and has not made a relevant provision for this contingent liability. From our audit, reasonable assurance has not been obtained in respect of the estimation of the amount of the provision that may be required.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company “FLUIDRA HELLAS S.A.” as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We verified the consistency and the correspondence of the content of the Report of the Board of Directors with the accompanying financial statements, under the legal frame of the articles 43a and 37 of c.L. 2190/1920.

Athens, 22 May 2015

NIKOLAOS ATH. SYKAS

Certified Public Accountant Auditor

Institute of CPA (SOEL) Reg. No. 27541



Associated Certified Public Accountants s.a.

member of Crowe Horwath International

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Institute of CPA (SOEL) Reg. No. 125

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BALANCE SHEET

	Note	<u>31/12/2014</u>	<u>31/12/2013</u>
<u>ASSETS</u>			
Property Plant and Equipment	3	54.314	68.755
Intangible Assets	4	3.725	7.281
Non - current assets	5	133.699	264.027
Inventory	6	772.911	571.525
Receivables	7	3.740.186	3.561.145
Other current assets	8	2.573.375	1.836.975
TOTAL ASSETS		<u>7.278.210</u>	<u>6.309.707</u>
<u>EQUITY AND LIABILITIES</u>			
Issued Capital	9	5.541.250	5.541.250
Retained earnings and other reserves	10	-658.748	-1.014.488
Total Equity		<u>4.882.502</u>	<u>4.526.762</u>
Loans and borrowings	13	0	0
Provisions and other non current liabilities	12	1.781.792	1.616.301
Short term loans and borrowings	13, 14	419.260	0
Other current liabilities	14	194.655	166.645
Total Liabilities		<u>2.395.707</u>	<u>1.782.945</u>
Total Equity and Liabilities		<u>7.278.210</u>	<u>6.309.707</u>

COMPREHENSIVE INCOME STATEMENT

	Note	01.01-31.12.2014			01.01-31.12.2013		
		Continuing operations	Discontinuing operations (ix)	Total (ix)	Continuing operations	Discontinuing operations (ix)	Total (ix)
Sales	17	4.928.118		4.928.118	4.268.840		4.268.840
Gross Margin		1.515.441		1.515.441	1.200.096		1.200.096
Earnings (Losses) before taxes, financing and investing activities	18, 19, 20	338.896		338.896	274.470		274.470
Earnings (Losses) before taxes	22	358.236		358.236	292.856		292.856
Earnings (Losses) after taxes		355.740		355.740	191.102		191.102
<u>Distributed to</u>							
Shareholders of Parent	(iv)	0		0	0		0
Shareholders of Minority	(iv)	0		0	0		0
After tax earnings per share (in Euro)	(v)	0,642		0,642	0,3449		0,3449
Proposed Dividend per share (in Euro)		0		0			0
EBITDA		361.094		361.094	314.730		314.730

CHANGES IN EQUITY STATEMENT

	31.12.2014	31.12.2013
Equity as of 1/1/14 and 1/1/13 respectively	4.526.762	4.335.659
After tax earnings (losses) continuing and discontinuing operations	355.740	191.103
Increase (Decrease) of Equity		
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Acquisition (Sales) of Own Shares		
Equity as of 31/12/14 and 31/12/13 respectively	<u>4.882.502</u>	<u>4.526.762</u>

CASH FLOW STATEMENT

	01.01. – 31.12.2014	01.01. – 31.12.2013
<u>Cash flow from Operating Activities</u>	-	-
Collections from customers	4.755.973	4.222.267
Payments to suppliers, employees, etc	-4.465.516	-4.160.553
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The accompanying notes form an integral part of the annual accounts of Fluidra Hellas S.A. for the year ended 31 December 2014 prepared in conformity with EU-IFRS.

NOTES

1. Nature, Principal Activities of FLUIDRA HELLAS SA

Fluidra Hellas SA was established at 2004 and is located at Thesi Lakko Katsari Aspropirgos Attika, Greece. The activity of the company is trading pool equipment, it is a subsidiary of Fluidra Commercial SAU located at Spain. The latter is a subsidiary of Fluidra SA, located at Spain and is the company controlling the subsidiaries of Fluidra Group.

The products of the Group are sold at 170 countries, while the Group has subsidiaries in 39 countries. 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.

The financial statements of the company were approved by the Board of Directors as of 7/4/2015

The company has not been audited for the year 2010, therefore the taxes payable are not definite.

For the year 2014 the company is under tax audit from Auditors according to article 82 par. 5 L 2238/1994. The tax audit is not completed at this point, the relevant tax certificate is going to be granted after publishing the financial statements for 2014. However, we estimate that if arise any differences, they will be insignificant value and will not affect the financial statements.

2. Basis of Presentation

FLUIDRA HELLAS SA follows the accounting principles of Fluidra Group of Companies applies IFRS, as adopted by the European Union (EU-IFRS), in order to present fairly the equity and financial position of Fluidra Hellas S.A. at 31 December 2014, as well as the comprehensive income, the cash flows and changes in equity for the year then ended.

All accounts are prepared on the historical cost basis, except for inventory and receivables which are recognized at their fair value.

The preparation of annual accounts in conformity with EU-IFRS requires the company 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 company's annual accounts for 2014 include estimates on the value of assets, liabilities, income, expenses and commitments recognised. These estimates mainly comprise:

- The useful life and fair value of customer portfolios and other intangible assets .
- Evaluation of the recoverability of deferred tax assets.
- Estimate of the provisions for bad debts and inventory obsolescence.

Although estimates were based on the best information available at 31 December 2014, future events may require these estimates to be modified (increased or decreased) in subsequent periods or years. Any change in accounting estimates would be recognised prospectively in the corresponding consolidated income statement.

The currency used to present the financial statements is Euro € which is the national currency of Greece, where Fluidra Hellas SA is located and operates.

2.1 New standards, amendments of current standards and interpretations

New standards, amendments of standards and interpretations have been issued which are mandatory for periods starting during the current year or later. The company makes estimations regarding the effect from the application of the new standards, amendments and interpretations. The estimates are stated below.

Standards and Interpretations mandatory for the current year

IFRS 7 (Amendment) Financial Instruments: Disclosures

The current amendment details the disclosures for transferred financial assets which are not totally depreciated as well for transferred financial assets not totally depreciated, for which the company has some control. This amendment does not apply for FLUIDRA HELLAS SA.

Standards and Interpretations mandatory for periods starting at 1/1/13 or afterwards

IFRS 9 Financial Instruments (applied for periods starting at 1/1/15 or afterwards)

The IASB is adding to the standard as it completes the various phases of its comprehensive project on financial instruments, and so it will eventually form a complete replacement for IAS 39 Financial Instruments: Recognition and Measurement. The company is assessing the impact of IFRS 9 on annual accounts. After the adoption of the IFRS 9 from EU, then the company will decide upon its implementation prior to 1/1/15.

IAS 12 (Amendment) Income Taxes (applicable to the annual accounts starting at or after 1/1/2013)

The amendment of IAS 12 provides a practical method for counting the deferred tax assets and liabilities when investment assets are counted with the method of fair value according to IAS 40. This amendment does not apply for FLUIDRA HELLAS SA.

IFRS 13 – Fair Value Measurement (applicable on financial statements from 1/1/2013 onwards)

IFRS 13 provides new instructions regarding measuring the fair value and the necessary disclosures. The requirements of the standard do not widen the use of fair values but provide explanations for their implementation in the case their application is mandatory by other standards.

IAS 1 (Amendment) – Presentation of Financial Statements (applicable to financial statements starting from 1/7/12 onwards)

This amendment requires from the entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified.

IFRS 7 — Financial Instruments: Disclosures (applicable on financial statements from 1/1/2013 onwards)

The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

IAS 32 — Financial Instruments: Presentation (amendment applicable on financial statements from 1/1/14 onwards)

The amendments to the disclosure requirements in IFRS 7 Financial Instruments: Disclosure require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB

believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. Ομάδα προτύπων σχετικά με ενοποίηση και από κοινού συμφωνίες (εφαρμόζονται στις ετήσιες λογιστικές περιόδους που ξεκινούν την ή μετά την 1η Ιανουαρίου 2014)

IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28 are applicable in cases of consolidation, joint arrangements and disclosure of interests in other entities. These standards are applicable from 1/1/14 onwards and they do not apply for FLUIDRA HELLAS SA.

2.2. Currency translation

a) Operating currency and presentation currency

The financial statements are presented in Euro, which is the operating currency.

b) Transactions and balances

Transactions in foreign currencies are converted into the operating currency at rates applicable at the time of transactions. Exchange rate differences, gains or losses, emerging from the settlement of these transactions, or from the conversion of the balances into operating currency are booked in comprehensive income statement. Exchange rate differences from non-current assets valued at their fair values are considered as part of this fair value and are booked along with the differences in fair value.

2.3. Assets devaluation

i) Non-financial assets

Book values of non-current assets are restated when there are indications that their book value might not be recoverable. Recoverable value is the value that is greater between net sales price and using value. If recoverable value is less than the book value, then the loss is booked in comprehensive income statement. Fair value minus sales expenses is the amount that can be received from selling the asset in a transaction where both parties are equally informed have equal control. Using value is the net present value of the expected future cash inflows expected to be received from using this asset.

The company did not hold any non-financial assets.

ii) Financial assets

The company assesses the fair value of each financial asset at every balance sheet date. Such assets are valued at cost and are presented at net book value.

The recoverable value is determined based on the net present value of the expected future cash inflows. Any losses are presented in the comprehensive income statement.

2.4. Financial assets

Financial assets enter into the following categories based on the purpose for which they were acquired. The management determines the category of such on the initial recognition and restates the classification annually at every balance sheet date.

a) Financial assets valued at their fair value

This category includes financial assets acquired in order to be sold in the short term or they have classified as such from the management. Such assets are classified as current assets held in order to be sold in the coming 12 months.

The company does not hold such investments

b) Receivables and loans

This category includes non derivatives financial assets with fixed or determined payments which are not negotiated in any market and there is no intention to sell them. They are included in current assets except for the ones maturing in more than 12 months, which are included in non-current assets.

Receivables and loans are presented in net book value, based on the method of real interest rate.

c) Investments held until maturity

This category includes non-derivatives financial assets with fixed or determined payments and a specified expiry date, at which the company has the intention and the right to hold them.

The company did not hold such investments.

d) Financial assets available for sale

This category includes non-derivatives financial assets which are either classified in this category or they cannot be classified under any of the above categories. They are included in non-current assets given that the management does not have the intention to sell them within 12 months from the balance sheet date.

The company did not hold such investments.

2.5. Trade receivables

Trade receivables are booked initially at their fair value and later on at their net book value using the method of real interest rate deducting impairment losses. Impairment losses are booked when there is evidence that the company is not in a position to collect the amount receivable under the initial terms. The loss is calculated as the difference between the book value of receivables and the present value of future cash flows discounted with the real interest rate. The loss is book as expense.

2.6 Share capital

Share capital refers to common registered shares of the company. These shares are included in equity.

2.7 Income tax

Income tax is calculated according to the local tax legislation. The income tax expense is calculated on the basis of earnings reformed according to local tax legislation and with the effective and legal tax rate applied.

2.8 Deferred tax

Deferred tax asset is determined with the method of liability in the differences between the tax base and the accounting base of the assets and liabilities. No deferred tax is booked if it comes from the initial recognition of an asset or liability, which did not affect neither the accounting nor the tax result.

Deferred tax assets are booked up to the amount they are expected to produce a future tax profit for using the temporary difference creating the deferred tax asset. Deferred taxes are calculated using the applicable tax rate at the balance sheet date.

2.9 Trade payables

Trade payables are booked initially at the fair value and they are later valued according to the unamortized cost method using the real interest rate.

2.10 Provisions

Provisions are booked in the event that a legal or other commitment currently exists, based from past events, for which commitment it is probable that resources will be required and the amount of these resources can be measured. They are booked at the best estimate regarding the cost that will arise in order to settle the commitment.

2.11 Leasing

A leasing contract that transfers all risks and benefits associated with using an asset is determined to be a financial leasing, therefore the asset is considered to be acquired via debt.

The company has no contracts as of 31.12.2014.

3. Management of risk

FLUIDRA HELLAS SA despite the fact that is a subsidiary of Fluidra Group of Companies has all the functions of a separate legal entity. The company sells the merchandise of the Group, produced throughout the world, mainly to the Greek market.

Given the current crisis, the main risk is the credit risk. In order to control the exposure to the risk, the company as of the beginning of 2012 has set in place a strict credit policy, which has the following main features:

Thorough control of the financials of new and current customers, reassessing credit terms where necessary

Decreasing credit days

Requesting collateral from the customers in order to grant credit

4. Accounting estimations and management judgments

Accounting estimations and management judgments are constantly reassessed and are based on historical facts and expectations for future events assumed to be rational.

5. Tangible non-current assets

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

Depreciation of items of property, plant and equipment is calculated using the straight-line basis to allocate their cost or deemed cost to their residual values over their estimated useful lives. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Land is not depreciated. The estimated useful lives of other items of property, plant and equipment are as follows:

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

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

6. Intangible non-current assets

Intangible non-current assets are amortized using the straight line method. FLUIDRA HELLAS SA has software which is estimated to have a useful life of 3-5 years.

7. Long term leasing contracts

The Company has the right to use certain assets through lease contracts. Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

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

Lease payments under an operating lease, net of any incentives received, are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Contingent rents are recognised as expenses in the periods in which they are incurred.

8. Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

9. Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in the conversion process. The allocation of fixed production overheads is based on the higher of normal capacity of the production facilities or the actual level of production. The cost of raw materials and other supplies, the cost of merchandise and costs of conversion are assigned to the different inventory units based on the weighted average price method. The

company uses the same cost formula for all inventories of the same nature and similar use. Volume discounts extended by suppliers are recognised when it is probable that the discount conditions, such as a reduction in the cost of the inventories, will be met. Purchase discounts for prompt payment are recognised as a reduction in the cost of the inventories acquired.

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

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

10. Cash and cash equivalent

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

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

11. Employee benefits

Long term benefits

Retirement premium obligations are booked as provision only when it is certain that it will be paid in the coming year.

Short term benefits

Obligations to employees for bonuses are booked only if there is enough evidence stating that the provision must take place.

12. Provisions

The company recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The amounts recognized as a provision are the best estimate of the expenditure required to settle the present obligation at the consolidated reporting date, taking into account the risks and uncertainties related with the provision and, where significant, the financial effect of the discount, provided that the expenditures required in each period can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The financial effect of provisions is recognized under finance expenses in the consolidated income statement. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed against the income statement item where the corresponding expense was recognized, and any excess is recognized as other income.

13. Revenue recognition

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

i) Sale of goods

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

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

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

ii) 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.

Τα έσοδα αναγνωρίζονται στην εύλογη αξία απαίτησης που προκύπτει από την πώληση εμπορευμάτων ή παροχή υπηρεσιών. Σε περίπτωση πιστωτικών αυτά λειτουργούν αφαιρετικά του ποσού πώλησης.

14. Income tax

Tax expense or tax income on profit for the period comprises both current and deferred tax. Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for a period. Current tax assets or liabilities are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the closing date. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, whereas deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses, and unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Current and deferred tax is recognised as income or an expense, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in consolidated equity or from a business combination. Income tax deductions granted by public entities as a reduction in this tax are recognised as a lower income tax expenses when there exists reasonable assurance that the terms associated with the entitlement to deduction are met.

The company is not tax audited for the year 2010, therefore the tax liabilities for that year are not definite.

For the year 2014 the company is under tax audit from auditors according to article 82 par 5 L 2238/1994. This tax audit is in progress and the respective tax certificate is expected to be issued after the publication of the

financial statements for the year 2014. If tax differences arise, we do not expect to have any impact on the financial statements.

15. Offsetting assets and liabilities, income and expenses

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

16. Classification of assets and liabilities as current and non-current

The company presents the consolidated statement of financial position classifying assets and liabilities as current and non-current. For this purpose assets and liabilities are classified as current when they satisfy the following criteria:

- Assets are classified as current where they are expected to be realised in, or are intended for sale or consumption in the company's normal operating cycle, within twelve months after the reporting date or when they are held primarily for the purpose of being traded. Cash and cash equivalents are also classified as current, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the company's normal operating cycle, are held primarily for the purpose of being traded, are due to be settled within twelve months after the reporting date or where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.
- The company classifies financial liabilities 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.
- Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

3. Tangible fixed assets

The movements of tangible fixed assets are depicted in the following tables:

Type of fixed asset	Book Value 1/1/14	Additions	Depreciation 2014	Book value 31/12/14
Office equipment	9.226		2.351	6.875
Furniture	15.420		3.025	12.395
Information technology equipment	2.132	1.300	1.533	1.899
Buildings	1.705		884	821
Other equipment	7.803		1.999	5.804
Motor vehicles	17.029		5.703	11.327
Motor vehicles for internal use	14.515	2.900	2.914	14.501
Tools	925		234	691
Total	68.755	4.200	18.642	54.313

Type of fixed asset	Book Value 1/1/13	Additions	Depreciation 2013	Book value 31/12/13
Office equipment	11.609		2.383	9.226
Furniture	14.424	3.681	2.685	15.420
Information technology equipment	5.910		3.778	2.132
Buildings	14.170		12.466	1.705
Other equipment	9.802		1.999	7.803
Motor vehicles	0	22.498	5.468	17.029
Motor vehicles for internal use	17.727	2.400	5.613	14.515
Tools	1.246		321	925
Total	74.888	28.578	34.712	68.755

There are no restrains and no stamps on the fixed assets. None fixed asset was constructed.

As of 31/12/14 and as of 31/12/13 no fixed assets were held using the financial leasing.

FLUIDRA HELLAS SA is a member of a global insurance policy that the Group applies. This policy covers for the value of fixed assets.

4. Intangible non-current assets

The company uses software, the movement of which is depicted in the following tables:

	1/1/2014		31/12/2014
Intangible non-current asset	Book value	Additions	Book value
Software	7.281	3.555	3.726

	1/1/2013			31/12/2013
Intangible non-current asset	Book value	Additions	Depreciation	Book value
Software	10.958	1.870	5.547	7.281

There are no restrains on the intangible non-current assets. No fixed assets were constructed.

5. Other non-current assets

The analysis of the non-current assets is the following:

Other non-current assets	31/12/2014	31/12/2013
Long term receivables of Group companies	93.943	227.470
Guarantees	18.681	18.681
Deferred tax assets	21.075	17.876
	133.699	264.027

6. Inventory

The analysis of inventory is the following:

	31/12/2013	31/12/2013
Finished goods and merchandise	772.911	571.525

Provisions for devaluation of inventory are the following:

	31/12/2014	31/12/2013
Provisions:	149.529	191.845

There are no relevant commitments to purchase or sell goods.

7. Trade receivables

The analysis of trade receivables is the following:

	31/12/2014	31/12/2013
Customers	2.034.655	1.853.504
Notes	207.412	377.687
Cheques	1.498.118	1.329.953
	3.740.185	3.561.145

8. Other current assets

The analysis of other current assets is the following:

	31/12/2014	31/12/2013
Short term receivables from Group companies	191.346	200.377
Tax receivables	106.929	69.448
Other assets	27.394	20.822
Cash and cash equivalent	2.247.706	1.546.327
	2.573.375	1.836.975

9. Share Capital

The company's share capital amounts to 5.541.250 Euro, divided into 554.125 common registered shares 10 Euro nominal value each.

The share capital remained stable during 2014 and 2013.

10. Retained earnings and other reserves

The analysis of retained earnings and other reserves is the following

	31/12/2014	31/12/2013
Legal reserves	-24.113	-24.113
Difference in non-current assets revaluation	-48.508	-48.508
Losses transferred forward	731.369	1.087.109
Total	658.748	1.014.488

11. Capital Management

The Company's objective when managing capital is to ensure its capacity to continue as a going concern, so that it can continue to provide yield to its shareholders and benefits to other groups of interest and maintain an optimum capital structure to reduce the capital cost. In order to maintain and adjust its capital structure, the Company can adjust the dividends payable to shareholders, issue shares or sell assets to reduce its debt. Fluidra Hellas, S.A. controls the capital structure based on total leverage ratios and net financial debt as a percentage of EBITDA.

- The total leverage ratio is calculated as total assets divided by total equity.
- The net financial debt ratio as a percentage of EBITDA is calculated as the quotient between the net financial debt and EBITDA. 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.

Total leverage	2014	2013
Assets	7.278.210	6.309.707
Equity	4.882.502	4.526.762
Leverage	1,49	1,39

	2014	2013
Bank borrowing	-419.260	0
Less cash and cash equivalent	-2.247.706	-1.546.327
Less non current financial assets	-93.943	
Less current financial assets	-191.346	-200.377
Net financial loans	-2.113.735	-1.746.704
EBITDA	361.094	314.730
Net financial loans / EBITDA	-5.85	-5.55

12. Provisions

The analysis of provisions is the following:

Provisions	2014	2013
Provisions for employee litigation	-28.840	-160
Provisions for bad debt	-1.592.098	-1.415.467
Provision for slow moving inventory	-149.529	-191.845
	-1.770.467	-1.607.472

Per year the provisions have the following course:

	1/1/2014	Additional provisions	Utilizing provisions	Reversals of provisions	31/12/2014
Provisions for employee litigation	160	28.680			28.840
Bad debt provisions	1.415.467	176.631			1.592.098
Provision for slow moving inventory	191.845			42.316	149.529

	1/1/2013	Additional provisions	Utilizing provisions	Reversals of provisions	31/12/2013
Provisions for employee litigation	25.021	160		25.022	160,00
Bad debt provisions	1.394.881	20.586			1.415.467
Provision for slow moving inventory	150.768	41.077			191.845

13. Bank borrowing and leasing

The company had the following bank borrowing:

	31/12/2014	31/12/2013
Long term liabilities		
Leasing	0	0
Total	0	0
Short term liabilities		
Loans	-419.260	0
Leasing	0	0
Total	-419.260	0

The company had the following credit facility:

	31/12/2014	31/12/2013
Credit facility	500.000	500.000

No cash was used as collateral, or committed by any other way. All cash were available for use.

14. Other short term liabilities

Other short term liabilities are analyzed as follows:

	2014	2013
Suppliers	-64.517	46.711
Creditors	-39.442	-2.013
Public Entities	-90.696	-82.848
Tax payable	0	-128.495
	-194.655	-166.645

15. Risk management

FLUIDRA HELLAS SA despite the fact that is a subsidiary of Fluidra Group of Companies has all the functions of a separate legal entity. The company sells the merchandise of the Group, produced throughout the world, mainly to the Greek market.

Given the current crisis, the main risk is the credit risk. In order to control the exposure to the risk, the company as of the beginning of 2012 has set in place a strict credit policy, which has the following main features:

Thorough control of the financials of new and current customers, reassessing credit terms where necessary

Decreasing credit days

Requesting collateral from the customers in order to grant credit

According to Group policy, whatever receivable is not paid for more than 120 days from maturity is booked as bad debt. The receivables are analysed as follows:

Receivables from third parties (Non-Group Companies)		
	31/12/2014	31/12/2013
Non overdue	837.133	698.121
Overdue up to 90 days	772.219	724.426
Overdue 90 – 120 days	98.662	114.496
Overdue more than 120 days	1.957.082	1.930.127

16. Cost of goods sold

Cost of goods sold is analysed as following:

	31/12/2014	31/12/2013
Merchandise	3.271.158	2.857.294
Other material		23
Packing material	2.152	1.218
Other expenses	2.492	235
Third parties fees	11.613	9.778
Expenses	167.578	159.119
Provisions	-42.316	49.430
Destroyed merchandise		8.353
Total	3.412.677	3.068.744
	31/12/2014	31/12/2013
Cost of goods sold expensed	3.412.677	3.068.744

The company has no contractual or other obligation on the inventory.

17. Sales

Sales are analyzed as follows:

	31/12/2014	31/12/2013
Goods sold	4.919.558	4.224.155
Services rendered	8.561	44.685

Revenues from services rendered refers to market research and specific sales promotions undertaken by the company on behalf of Group companies.

18. Other revenues

The analysis of other revenues is the following:

Other revenues	31/12/2014	31/12/2013
Expenses invoiced	5.081	4.172
Revenues from suppliers		6.184
	5.081	10.356

19. Personnel expenses

Personnel expenses are analyzed as follows:

	2014	2013
Wages and salaries	383.236	368.031
Social contributions	90.385	101.251
Dismissal fees	45.882	21.216
Other benefits	11.513	12.169
Provisions		-24.861
	531.016	477.806

Average number of personnel is the following:

	2014	2013
Management	1	1
Sales, Purchases, Logistics	10	10
Administration	3	3

20. Operating expenses

The analysis of operating expenses is the following:

Operating expenses per nature		
	1/1 - 31/12/14	1/1 - 31/12/13
Personnel expenses	531.016	477.805,34
Rentals	62.402	64.411,59
Maintenance	10.963	7.248,38
Independent professional services	191.411	151.391,80
Sales commissions	19.462	427,71
Transport of sales	48.496	37.137,28
Insurance	3.372	3.575,72
Banking fees	9.053	6.765,85
Advertising expenses	10.214	2.645,11
Communication expenses	8.957	13.313,05
Travel expenses	22.306	30.061,60
Other taxes	15.512	41.275,92
Provisions	176.632	20.585,94
Other expenses	24.526	39.077,38

Other expenses include office suppliers, logistics and other expenses.

21. Operating leasing

FLUIDRA HELLAS SA has operating leasing contracts for several fixed assets. The non-revocable operating leasing contracts are the following:

	2014	2013
Up to 1 year	5.958	15.641
From 1 to 3 years		5.958
	5.958	23.612

22. Financial income and expenses

Financial Expenses	31/12/2014	31/12/2013
Foreign exchange rate losses	1.101,62	6.766
Interest on debt and leasing	4.260,88	2.207
Total	5.363	8.973
Financial revenues	31/12/2014	31/12/2013
Foreign exchange rate profit	5.812	
Interest on loan	18.890	27.359
Total	24.702	27.359

23. Deferred tax assets and income tax

Deferred taxes are the following:

	31/12/2014	31/12/2013
Deferred tax assets	21.075	8.216
Deferred tax liabilities	11.324	10.266
Deferred tax revenues		
Deferred tax expenses	2.496	2.049

Income tax is the following:

	31/12/2014	31/12/2013
Accounting earnings / (losses)	358.236	292.856
Tax rate	26%	26%
Applicable tax	93.141	76.143
Tax earnings	403.079	238.117
Tax reforms and adjustments	-885.139	143.783
Tax earnings to be applied	-482.059	381.900
Income tax expense	0	99.704

24. Intergroup transactions

The balances between group companies are the following:

	31/12/2014		31/12/2013	
	Receivables	Payables	Receivables	Payables
Trade receivables	75.090		71.995	
Other receivables	285.289		427.847	
Trade payables		-119.640		-80.661
Other payables		-32.966		-15.316

The intergroup transactions are the following:

	31/12/2014	31/12/2013
Goods sold and services rendered	13.056	87.168
Other revenues		27.359
Purchase of merchandise and services received	2.535.105	2.700.042

Intragroup transactions take place under standard trade terms. The vast majority of the transactions refer to purchases of merchandise from the factories and the services rendered by the Group.

25. Probable commitments

FLUIDRA HELLAS SA has no knowledge of probable commitments whose settlement might require the outflow of resources.

26. Events after closing date

No events took place after the balance sheet date.

27. Overview of the course of the Company

The Greek economy is devastated from the crisis. The GDP has declined drastically while unemployment has reached historically high levels. The following table depicts the situation:

	2014	2013	2012	2011	2010
GDP (2005 Prices)	0,8	-3,9	-7	-7,1	-4,9
Inflation	-2,6	-0,9	1	3,1	4,7
Unemployment	26	27,3	24,2	17,7	12,5

Despite the adverse economic situation, Fluidra Hellas SA performed very well. Specifically, sales increased by 15,4%, while the margin increased both in absolute terms as well as a percentage of sales. Last, both EBITDA and EBT increased by 26,3% and 32,1% respectively.

FLUIDRA HELLAS SA sells the goods of Fluidra Group of Companies, which are of top quality, recognized globally. With a proper management of its capital it is most certain that the company will remain profitable, ensuring its long run prosperity.

The Chairman	The Managing Director	The Financial Manager	The Head of the Accounts
Eloy Planes Cortes	Xeni Nicos	Avgerinos Antonios	Lampropoulos Miltiadis
Passport AAC591902	Passport J028680	ID AK110760	ID AB539346 Registration 3587 / A' Class