

Fluidra Danmark A/S

Kometvej 28
6230 Rødekro

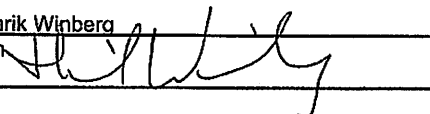
CVR no. 13 64 38 49

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

8 June 2017

Lars Henrik Winberg
chairman



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 January – 31 December	
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Fluidra Danmark A/S for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Rødékro, 8 June 2017
Executive Board:

Lars Henrik Winberg

Board of Directors:

Enric Cabre
Chairman

Carlos Franquesa
Castrillo

Lars Henrik Winberg



Independent auditor's report

To the shareholder of Fluidra Danmark A/S

Opinion

We have audited the financial statements of Fluidra Danmark A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 8 June 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Michael Mortensen', with a long horizontal line extending to the right.

Michael Mortensen
State Authorised
Public Accountant

Fluidra Danmark A/S
Annual report 2016
CVR no. 13 64 38 49

Management's review

Company details

Fluidra Danmark A/S
Kometvej 28
6230 Rødekro

Telephone: 74 69 39 99
Fax: 74 69 39 98

CVR no.: 13 64 38 49
Established: 1 November 1989
Financial year: 1 January – 31 December

Board of Directors

Enric Cabre, Chairman
Carlos Franquesa, Castrillo
Lars Henrik Winberg

Executive Board

Lars Henrik Winberg

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Annual general meeting

The annual general meeting will be held on 8 June 2017.

Management's review

Operating review

Principal activities

The Company's activity is to purchase, sell, import and distribute all categories of goods and products to be used for swimming pools.

Development in activities and financial position

The Company incurred a net loss of DKK 1,218,450 for the year ended 31 December 2016 (2015: net profit of DKK 282,462), and had negative operating cash flows. The net loss for the year ended 31 December 2016 was mainly attributable to the decrease in revenue and increase in staff costs. Management believes necessary measures are taken to support the sustainability of the Company's business, including increase in the Company's gross profit and control over the Company's operating costs. For more details, please refer to the section regarding events after the balance sheet date below.

Uncertainty relating to recognition and measurement

In 2015, the Company capitalised a deferred tax asset of DKK 555,790 mainly arising from tax loss carryforwards. In 2016, due to the facts described in the section below, Management decided that it is not likely that sufficient taxable income will be available to allow the recognition of a deferred tax asset. Accordingly, the Company does not recognise any deferred tax assets arising from tax losses to be utilised in the long term. Prior year deferred tax assets were therefore written down in 2016.

Events after the balance sheet date

Subsequently to the year end, Management has introduced a change in the Company's business model. Going forward sales are handled by one of the entities under common control located in Sweden, and the Company itself will act as agent. Accordingly, operating costs will be reduced, and profitability will increase.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Gross profit		2,964,199	3,292,545
Staff costs	2	-3,528,997	-2,877,099
Depreciation of property, plant and equipment		-70,039	-54,044
Operating profit/loss		-634,837	361,402
Financial income		55,199	71,953
Financial expenses		-83,022	-16,563
Profit/loss before tax		-662,660	416,792
Tax on profit/loss for the year	3	-555,790	-134,330
Profit/loss for the year		<u>-1,218,450</u>	<u>282,462</u>

Proposed profit appropriation/distribution of loss

Retained earnings		<u>-1,218,450</u>	<u>282,462</u>
-------------------	--	-------------------	----------------

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment	4		
Fixtures and fittings, tools and equipment		<u>216,930</u>	<u>206,189</u>
		<u>216,930</u>	<u>206,189</u>
Total fixed assets		<u>216,930</u>	<u>206,189</u>
Current assets			
Inventories			
Goods for resale		<u>625,903</u>	<u>1,481,081</u>
		<u>625,903</u>	<u>1,481,081</u>
Receivables			
Trade receivables		1,494,281	1,993,269
Receivables from group entities		6,170	19,846
Other receivables		199,082	199,082
Deferred tax asset		0	555,790
Prepayments		<u>70,328</u>	<u>77,886</u>
		<u>1,769,861</u>	<u>2,845,873</u>
Cash at bank and in hand		<u>5,958,704</u>	<u>6,157,765</u>
Total current assets		<u>8,354,468</u>	<u>10,484,719</u>
TOTAL ASSETS		<u><u>8,571,398</u></u>	<u><u>10,690,908</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		500,000	500,000
Retained earnings		6,496,070	7,714,520
Total equity		<u>6,996,070</u>	<u>8,214,520</u>
Liabilities			
Current liabilities			
Bank loans and overdrafts		21,331	17,940
Trade payables		120,666	105,364
Payables to group entities		743,224	1,254,747
Other payables		690,107	1,098,337
		<u>1,575,328</u>	<u>2,476,388</u>
Total liabilities		<u>1,575,328</u>	<u>2,476,388</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,571,398</u></u>	<u><u>10,690,908</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	500,000	7,714,520	8,214,520
Transferred	<u>0</u>	<u>-1,218,450</u>	<u>-1,218,450</u>
Equity at 31 December 2016	<u>500,000</u>	<u>6,496,070</u>	<u>6,996,070</u>

There have been no changes in the share capital during the last five years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Fluidra Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-ins from reporting class C medium-sized entities.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rates at the transaction date.

Income statement

Revenue

Income from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

In accordance with section 32 of the Danish Financial Statements Act, Management chose not to disclose the size of revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other external costs

Other external costs comprise costs of goods sold and costs of distribution, sales, advertising, administration, premises, etc.

Other operating income and operating costs

Other operating income and operating costs comprise items secondary to the activities of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively. Depreciation is recognised as depreciation in the income statement.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs.

Leases

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

subject to only an insignificant risk of changes in value.

Equity - dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

Notes

DKK	2016	2015
2 Staff costs		
Wages and salaries	3,230,997	2,569,824
Pensions	260,741	181,028
Other social security costs	37,259	126,247
	<u>3,528,997</u>	<u>2,877,099</u>
Average number of full-time employees	<u>6</u>	<u>6</u>
3 Tax on profit/loss for the year		
Adjustment, deferred tax	555,790	96,619
Adjustment regarding prior years	0	37,711
	<u>555,790</u>	<u>134,330</u>
4 Property, plant and equipment		
DKK		<u>Fixtures and fittings, tools and equipment</u>
Cost at 1 January 2016		786,902
Additions for the year		192,162
Disposals for the year		-413,400
Cost at 31 December 2016		<u>565,664</u>
Depreciation at 1 January 2016		-580,713
Depreciation in 2016		-70,039
Disposals		302,018
Depreciation at 31 December 2016		<u>-348,734</u>
Carrying amount at 31 December 2016		<u>216,930</u>
5 Contractual obligations, contingencies, etc.		

Leases

The Company has entered into operating leases at an amount of DKK 252 thousand with a residual term of 1-4 years. An amount of DKK 220 thousand falls due within one year.

Financial statements 1 January – 31 December

Notes

6 Mortgages and collateral

The Company has provided a unlimited guarantee to the bankers of PØ Leg & Teknik A/S.

The Company has provided a guarantee in the form of cash of DKK 71 thousand for work performed by PØ Leg & Teknik A/S for Vejen Municipality, Rødding Centeret.

The Company has provided collateral for the Parent Company's bank loans in Spain.

Upon sale of the shares in PØ Leg & Teknik A/S, the Company has assumed warranty obligations for work performed prior to 31 December 2014. At 31 December 2016, a warranty obligation is incumbent on five projects with a total obligation of DKK 153 thousand. The Company is of the opinion that this will not bring about any future drawing on the Company's financial resources.

7 Related party

The Company is part of the consolidated financial statements of Fluidra S.A, registered office Avda. Francesc Macià 60, planta 20, 08208 Sabadell - Barcelona, Spain, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Fluidra S.A. can be obtained from the Company or at the following website: <https://www.fluidra.com/en/shareholders-investors/economic-financial-information/annual-report/>.