FLUIDRA
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A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

Fluidra, S.A. ("**Fluidra**"), en cumplimiento de lo dispuesto en el artículo 228 del Texto Refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, hace público el siguiente

HECHO RELEVANTE

(4 de 8)

En relación con la fusión entre Fluidra y Piscine Luxembourg Holdings 2 S.à r.l. comunicada por primera vez mediante el hecho relevante publicado el 3 de noviembre de 2017 con número 258221, se comunica que, el 5 de julio de 2018, la Comisión Nacional del Mercado de Valores ha resuelto considerar, a los efectos de lo dispuesto en el artículo 26.1.d) del Real Decreto 1310/2005, de 4 de noviembre, la información contenida en el documento que se adjunta como Anexo como equivalente a la del folleto informativo exigible de conformidad con el citado Real Decreto y verificar que concurren los requisitos reglamentariamente exigidos para la admisión a negociación de las 83.000.000 nuevas acciones ordinarias de Fluidra emitidas y entregadas a Piscine Luxembourg Holdings 1 S.à r.l., socio único de la sociedad absorbida, en virtud del canje de fusión.

Está previsto que en los próximos días, las nuevas acciones queden admitidas a negociación en las Bolsas de Valores de Barcelona y Madrid a través del Sistema de Interconexión Bursátil Español (Mercado Continuo), lo que se comunicará mediante un nuevo hecho relevante.

Sabadell, a 6 de julio de 2018

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ANEXO

Documento equivalente al folleto informativo relativo a la fusión por absorción entre PISCINE LUXEMBOURG HOLDINGS 2 S.À R.L. (sociedad absorbida) y FLUIDRA, S.A. (sociedad absorbente) a los efectos de lo dispuesto en el artículo 26.1.d) del Real Decreto 1310/2005, de 4 de noviembre

Anexo 6

Estados financieros consolidados de Zodiac Pool Solutions S.à r.l.

Zodiac Pool Solutions s.à.r.l.
Exercice clos le 30 septembre 2017

Rapport de l'auditeur contractuel sur les états financiers consolidés

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Zodiac Pool Solutions s.à.r.l.

Exercice clos le 30 septembre 2017

Rapport de l'auditeur contractuel sur les états financiers consolidés

Au Gérant,

Nous avons effectué l'audit des états financiers ci-joints de la société Zodiac Pool Solutions s.à.r.l., comprenant le bilan consolidé au 30 septembre 2017, ainsi que le compte de résultat consolidé, l'état des variations des capitaux propres consolidés et l'état des flux de trésorerie consolidés pour l'exercice clos à cette date, et un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction relative aux états financiers consolidés

La direction est responsable de l'établissement et de la présentation sincère de ces états financiers consolidés conformément au référentiel IFRS tel qu'adopté dans l'Union européenne, ainsi que du contrôle interne qu'elle estime nécessaire à l'établissement d'états financiers consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Responsabilité de l'auditeur

Notre responsabilité est d'exprimer une opinion sur ces états financiers consolidés sur la base de notre audit. Nous avons effectué notre audit selon les Normes Internationales d'Audit telles que publiées par le Conseil supérieur de l'ordre des experts-comptables. Ces normes requièrent de notre part de nous conformer aux règles d'éthique et de planifier et de réaliser l'audit en vue d'obtenir une assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers consolidés. Le choix des procédures mises en œuvre, y compris l'évaluation des risques que les états financiers consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, relève du jugement de l'auditeur. En procédant à cette évaluation des risques, l'auditeur prend en compte le contrôle interne de l'entité relatif à l'établissement et à la présentation sincère des états financiers consolidés afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit consiste également à apprécier le caractère approprié des méthodes comptables retenues, le caractère raisonnable des estimations comptables faites par la direction et la présentation d'ensemble des états financiers consolidés.

Nous estimons que les éléments probants recueillis sont suffisants et appropriés pour fonder notre opinion.

Opinion

A notre avis, les états financiers consolidés présentent sincèrement, dans tous leurs aspects significatifs, la situation financière de la société Zodiac Pool Solutions s.à.r.l., ainsi que sa performance financière et ses flux de trésorerie pour l'exercice clos à cette date, conformément au référentiel IFRS tel qu'adopté dans l'Union européenne.

Ce rapport est régi par la loi française. Les juridictions françaises ont compétence exclusive pour connaître de tout litige, réclamation ou différend pouvant résulter de notre lettre de mission ou du présent rapport, ou de toute question s'y rapportant. Chaque partie renonce irrévocablement à ses droits de s'opposer à une action portée auprès de ces tribunaux, de prétendre que l'action a été intentée auprès d'un tribunal incompétent, ou que ces tribunaux n'ont pas compétence.

Paris-La Défense, le 26 janvier 2018

L'Auditeur Contractuel
ERNST & YOUNG Audit

Pierre Bourgeois

ZODIAC POOL SOLUTIONS

Consolidated financial statements for the fiscal year ended 30 September 2017

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Consolidated balance sheet

(in USD thousands unless otherwise stated)	Note	At 30 September 2017
ASSETS		
Non-current assets		
Goodwill	6	644,346
Intangible assets	6	610,336
Tangible assets	7	24,596
Other financial assets		862
Deferred tax assets	16	23,092
		1,303,232
Current assets		
Inventories	11	92,566
Trade and other receivables	10	85,051
Current income tax receivables	22	3,236
Derivative financial instruments	9	1,266
Cash and cash equivalents	12	51,711
		233,830
TOTAL ASSETS		**1,537,062**
EQUITY		
Share capital and premium	13	571,980
Other reserves		1,981
Retained earnings/(accumulated losses)		(17,098)
Equity attributable to owners of the Company		**556,863**
Non-controlling interests		821
Total equity		**557,684**
LIABILITIES		
Non-current liabilities		
Debt	15	632,778
Employee benefit obligations	17	1,633
Provisions	18	16,395
Deferred tax liabilities	16	205,948
		856,754
Current liabilities		
Debt	15	5,902
Provisions	18	1,258
Trade and other payables	14	114,234
Current income tax liabilities	22	661
Derivative financial instruments	9	569
		122,624
TOTAL LIABILITIES		**979,378**
TOTAL EQUITY AND LIABILITIES		**1,537,062**

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated income statement

(in USD thousands unless otherwise stated)	Note	Year ended 30 September 2017
Sales of goods and finished products		417,852
Income from rendering of services		2,243
Net sales		420,095
Cost of sales		(282,440)
Gross profit		**137,654**
Selling expenses		(43,436)
General and administrative expenses		(87,188)
Research and development expenses		(10,111)
Other expenses	20	(1,322)
Operating profit		**(4,404)**
Finance expense	21	(29,225)
Profit/(loss) before income taxes		**(33,629)**
Income tax (expense)/benefit	22	16,580
Profit/(loss), attributable to:		**(17,050)**
Owners of the Company		(17,098)
Non-controlling interests		49

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in USD thousands unless otherwise stated)

	Year ended 30 September 2017
Profit/(loss)	**(17,050)**
Actuarial gains/(losses) on post-employment benefit obligations	2,237
Translation adjustments	(254)
Other comprehensive income/(expense) recognised in equity	**1,983**
Total other comprehensive income/(expense)	**(15,066)**

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in USD thousands unless otherwise stated)	Attributable to owners of the Company					
	Share capital and premium	Other reserves	Retained earnings/ (accum losses)	**Total equity**	Non-controlling interests	**Total equity**
At 22 November 2016	**-**	**-**	**-**	**-**	**-**	**-**
Capital contribution	571,980	-	-	571,980	-	571,980
Business combination	-	-	-	-	682	682
Profit/(loss)	**-**	**-**	**(17,098)**	**(17,098)**	**49**	**(17,050)**
Net change in fair value	-	20	-	20	-	20
Currency translation differences	-	(256)	-	**(256)**	90	(166)
Total profit/(loss) recognised in equity	**571,980**	**(236)**	**(17,098)**	**554,646**	**821**	**555,467**
Share-based payment expense	-	2,217	-	**2,217**	-	**2,217**
At 30 September 2017	**571,980**	**1,981**	**(17,098)**	**556,863**	**821**	**557,684**

Notes 1 to 29 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(in USD thousands unless otherwise stated)

	Note	Year ended 30 September 2017
Profit/(loss)		**(17,050)**
Adjustments for:		
Income tax expense		(16,580)
Share-based payment expense		2,217
Depreciation and amortisation		27,662
Impairment of fixed assets		872
Gain on disposals of fixed assets		(118)
Finance expense		29,225
Changes in working capital:		
Inventories		15,190
Trade and other receivables		86,049
Trade and other payables		13,622
Other assets and liabilities		(42,776)
Cash generated from operations		**98,314**
Income tax paid		(14,479)
Net cash generated from operating activities		**83,835**
Cash flows from investing activities		
Investments in fixed assets, net of disposals		(14,218)
Business combination, net of cash and cash equivalents acquired		(1,192,731)
Other financial assets		(113)
Net cash from/(used in) investing activities		**(1,207,062)**
Cash flows from financing activities		
Capital contribution		571,980
Proceeds from/(repayments of) debt		635,692
Interest paid		(35,083)
Net cash from/(used in) financing activities		**1,172,590**
Net increase/(decrease) in cash and cash equivalents		**49,362**
Cash and cash equivalents at beginning of year		-
Foreign exchange gains/(losses) on cash and cash equivalents		1,779
Net cash and cash equivalents at end of year	**13**	**51,141**

Notes 1 to 29 are an integral part of these consolidated financial statements.

1. General information

Zodiac Pool Solutions S.à r.l. ("ZPS" or "the Company") and its subsidiaries (together the "Group") are a global manufacturer of residential pool equipment and connected pool solutions. ZPS is the parent company of the Group, comprising the consolidated subsidiaries detailed in Note 29. The Group operates on fiscal year ending September 30.

ZPS is a private limited liability company (*société à responsabilité limitée*), organised for an unlimited duration, and existing from 22 November 2016 under the laws of Luxembourg, with registered office at 14, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B210786. The Company's corporate purpose is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise, and the management of such participations.

On 20 December 2016, affiliates of Rhône Capital L.L.C. (the "Shareholder") acquired all of the shares of ZPES Holding S.A.S. (formerly known as Zodiac Pool Holding S.A. or the "Predecessor Company"), from ZM Luxembourg SCA, a company affiliated with The Carlyle Group (the "Acquisition"). The Predecessor Company, together with its subsidiaries, are referred to as the Predecessor Group.

From 20 December 2016, the Shareholder controls ZPS and the Group through several affiliated holding companies.

2. Significant changes in the current reporting year

The financial position and performance of the Group was particularly affected by the following events and transactions during the year ended 30 September 2017:

- the Acquisition (see note 23);
- the drawing of USD 800,000 of new credit facilities in connection with the Acquisition (see note 15);
- the utilisation of provisions (see note 18).

3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of the Company and its subsidiaries. The financial statements of the subsidiaries cover the same reporting period as the Company.

3.1. Basis of preparation of the consolidated financial statements

These consolidated financial statements as of 30 September 2017 are the Company's first annual financial report, with operations beginning from the Company's formation on 22 November 2016.

(a) Compliance with IFRS

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the Accounting Standard Board (IASB).

(b) New standards and amendments that are effective for the first time for periods commencing 22 November 2016

The following standards and interpretations apply for the first time to financial reporting periods commencing 22 November 2016:

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11;
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38;
- Annual Improvements to IFRS 2012-2014 cycle;
- Disclosure Initiative – Amendments to IAS 1.

The adoption of these amendments did not have any impact on the amounts recognised in the opening balance sheet and it does not have a material impact on the Group's consolidated financial statements.

(c) <u>New standards and interpretations that had been issued but were not mandatory for annual reporting periods ending 30 September 2017</u>

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 30 September 2017 and have not been early adopted by the group:

- IFRS 9 "Financial Instruments": mandatory from 1 January 2018;
- IFRS 15 "Revenue from Contracts with Customers": mandatory from 1 January 2018;
- IFRS 16 "Leases": mandatory from 1 January 2019;
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12: mandatory from 1 January 2017;
- Disclosure Initiative – Amendments to IAS 7: mandatory from 1 January 2017;
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28;
- Classifications and Measurement of Share-based payment transactions – Amendments to IFRS 2: mandatory: mandatory from 1 January 2018;
- Revenue from Contracts with Customers – Clarifications to IFRS 15: mandatory from 1 January 2018.

The Group is currently assessing the impact that the application of these new standards, interpretations and amendments may have on future accounting periods.

3.2. Consolidation

At 30 September 2017, there were no investments in equity-accounted companies or associates in the Group's scope of consolidation. A list of companies included in the scope of consolidation is provided in Note 29.

<u>Controlled entities – Subsidiaries</u>
Group subsidiaries (including structured entities) are all the entities that the Company controls. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the amount of those returns through its power over the entity. Controlled entities are fully consolidated as from the date on which control is transferred to the Group and are deconsolidated as from the date that control ceases.

When the Group acquires the control of an entity or of a business, it applies the acquisition method of accounting as prescribed by IFRS 3, Business Combinations (see Note 3.4).

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses on assets disposed are also eliminated and considered as evidence of impairment. Local accounting policies have been adjusted where necessary to ensure that they are consistent with the policies adopted by the Group.

Non-controlling interests, i.e, those that are not attributable to shareholders of the Group's parent company, represent the share of profit or loss and the net assets not owned by the Group. They are presented on a separate line of the consolidated income statement, the statement of comprehensive income, equity in the consolidated balance sheet and the consolidated statement of changes in equity. Profits and losses are allocated to the Company and to non-controlling interests based on their respective ownership interests in the entities concerned.

(in USD thousands unless otherwise stated)

Changes to percentage ownership interests that do not result in the loss of control of a subsidiary are accounted for as equity transactions. The difference between the fair value of the consideration paid or received and the carrying amount of the share in the subsidiary's net assets acquired or sold is recognised directly in equity. Profits and losses arising from the sale of non-controlling interests are also recognised in equity.

When the Group ceases to control a subsidiary, it derecognises the assets and liabilities of the subsidiaries at their carrying amounts at the date of loss of control. It also recognises the consideration received and any investment retained in the former subsidiary revalued at fair value. Any profit or loss resulting from the revaluation is taken to income. The fair value in any investment retained in the former subsidiary is regarded as the cost on initial recognition of an investment in an associate, jointly controlled entity or financial asset.

3.3. Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the economic environment in which the subsidiary operates ("the functional currency"). The consolidated financial statements are presented in US dollars (USD), which is both the functional and presentation currency of the Group.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

In the income statement, exchange differences arising from debt and cash and cash equivalents are included in finance expense. All other exchange differences are included in operating profit or loss.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(c) Translation of the financial statements of Group entities
The results and financial position of all Group entities (none of which operates in a hyperinflationary economy) with a functional currency other than USD are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at each reporting date;
- income and expenses for each income statement and statement of comprehensive income item are translated at average exchange rates (unless this is not representative of the cumulative impact of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rate on the transaction date); and
- all resulting translation differences are included in gains and losses recognised directly in equity.

Goodwill and asset and liability fair value adjustments arising on the acquisition of an entity or a foreign operation are recognised as assets and liabilities in the functional currency of the entity or foreign operation and translated at the closing rate. The resulting exchange differences are included in gains and losses recognised directly in equity. When control or significant influence over a foreign entity ceases, the related cumulative exchange differences recognised in equity are reclassified in full to the income statement.

The principal exchange rates used for the translation of the financial statements of the Group's main subsidiaries are as follows:

	30 September 2017		**22 November 2016**
	Closing rate	Average rate	Closing rate
EUR	0.8470	0.9053	0.9546
CAD	1.2440	1.3129	1.3313
AUD	1.2769	1.3122	1.3699
ZAR	13.5050	13.3768	14.0025

3.4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred during the acquisition of an entity corresponds to the fair value of the assets transferred, the liabilities incurred by the Group to former owners of the acquired entity and equity interests issued by the Group in exchange for control of the acquired entity. The consideration includes the fair value of all assets and liabilities transferred as a result of a contingent consideration arrangement.

Acquisition-related costs incurred to effect a business combination are recognised as expenses in the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair value. Non-controlling interests are measured at the acquisition date on a case-by-case basis for each business combination, either at fair value, or based on the share of the net recognised, identifiable assets of the acquired entity.

Any contingent consideration transferred as part of a business combination is initially recognised at fair value at the acquisition date. Changes in the fair value of the contingent consideration are regarded as measurement period adjustments when they arise from new information obtained by the acquirer during the measurement period (12 months from the acquisition date) about facts and circumstances that existed at the acquisition date. The measurement period adjustments are recognised retrospectively with corresponding adjustments made to goodwill.
Changes resulting from events after the acquisition date are not measurement period adjustments. The subsequent recognition of changes in the fair value of contingent consideration that are not measurement period adjustments depends on the type of contingent consideration:

- if it is classified as equity, it is not re-measured at later reporting dates and its subsequent settlement is recognised in equity;
- if it is classified as an asset or a liability that is a financial instrument, subsequent changes in fair value are recognised in accordance with IAS 39, either in profit or loss or in other comprehensive income;
- if it is classified as an asset or a liability that is not a financial instrument, subsequent changes in fair value are recognised in accordance with IAS 37 or other IFRSs appropriate to the item concerned.

Goodwill is the excess of the consideration transferred, the amount of non-controlling interests in the acquired entity and the fair value at acquisition date of any equity interest previously held by the acquirer in the acquired entity over the fair value of the Group's share in the net identifiable assets of the acquired entity at the acquisition date. Goodwill relating to the acquisition of subsidiaries is included in intangible assets. Negative goodwill is recognised directly in the income statement.

Goodwill is included on a separate line in the balance sheet. It is tested annually for impairment or more regularly if events or changes in circumstances indicate that it may be impaired (see Note 3.7), and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3.5. Intangible assets

Intangible assets acquired separately are initially stated at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

Internally generated intangible assets are not capitalised (with the exception of development costs) and expenditure is reflected in the income statement in the period in which it is incurred (see Note 3.5 (d)).

The Group assesses whether the useful lives of intangible assets are finite or indefinite.

- Intangible assets with finite useful lives are amortised over their useful life and tested for impairment whenever there is evidence that they may be impaired (see Note 3.7). The useful life and amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.
- Intangible assets with an indefinite useful life are tested for impairment annually or more regularly if events or changes in circumstances indicate that they may be impaired, either individually or at the level of the cash-generating unit to which it relates (see Note 3.7). Indefinite-lived intangible assets are not amortised. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the indefinite life assessment remains appropriate.

(a) Customer relationships

Acquired customer relationships are initially recognised at fair value determined in connection with the related business combination. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful lives of the corresponding asset.

(b) Trademarks and licences

Separately acquired trademarks and licences are initially recognised at cost whereas those acquired in a business combination are initially recognised at fair value determined during the purchase price allocation process.

Trademarks and licences with a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful lives of the corresponding asset.

Trademarks considered to have an indefinite useful life are not amortised but tested for impairment each year, in accordance with IAS 36. The main criteria used by the Group to determine whether a trademark has an indefinite useful life are its market positioning in terms of business volumes, its international presence and standing, and its long-term profitability.

(c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised over the estimated useful lives of the assets to which they relate. Computer software maintenance costs are expensed as incurred.

(d) Research and development costs

In accordance with IAS 38, research expenditure is expensed as incurred and costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised when the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs are recorded as intangible assets and amortised as soon as the asset is ready for use on a straight line basis over the estimated useful lives of the projects to which they relate. Capitalised development costs not yet amortised are tested for impairment annually in accordance with IAS 36.

Other development costs that do not meet these criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The estimated useful lives of the main categories of intangible assets are as follows:
- Customer relationships: 18 to 28 years
- Trademarks: Indefinite
- Technology: 7 years
- Other intangible assets: 1 to 3 years

3.6. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of any replaced parts is derecognised. All other repair and maintenance costs are expensed as incurred.

Land is not depreciated. The other assets are depreciated using the straight-line method to bring the cost of each asset (or revalued amount) to its residual value over its estimated useful life, as follows:
- Buildings: 20 to 45 years
- Equipment: 5 to 18 years
- Plastic injection moulds: 3 to 10 years
- Furniture, fittings and equipment: 3 to 10 years
- Hardware: 3 to 5 years

The assets' residual values and useful lives are reviewed and adjusted where appropriate at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the estimated recoverable amount (see Note 3.7).

Capital gains and losses on disposals are calculated by comparing the proceeds from the disposal with the carrying amount of the asset sold, and are recognised in the income statement.

3.7. Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested annually for impairment. An impairment test is also required when an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable. Tangible and intangible assets that are depreciated or amortised are also tested for impairment when an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Non-financial assets other than goodwill which have incurred an impairment loss are tested at each reporting date to determine whether the impairment loss should be reversed.

3.8. Financial assets

(a) Classification
The Group classifies financial assets at the time of their initial recognition according to the following categories:
- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale financial assets.