

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

(7 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

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

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

Condensed interim consolidated statement of changes in equity

(in USD thousands unless otherwise stated)

| | Attributable to owners of the Company | | | Total equity | Non-controlling interests | Total equity |
|---|---------------------------------------|----------------|-----------------------------------|----------------|---------------------------|----------------|
| | Share capital and premium | Other reserves | Retained earnings/ (accum losses) | | | |
| At 22 November 2016 | - | - | - | - | - | - |
| Capital increase – issue of shares | 13 | 571,967 | | | | 571,980 |
| Business combination | | | | | 682 | 682 |
| Profit/(loss) | - | - | (13,209) | (13,209) | 113 | (13,095) |
| Currency translation differences | - | (424) | - | (424) | 67 | (357) |
| Total profit/(loss) recognised in equity | - | (424) | (13,209) | (13,633) | 180 | (13,452) |
| Share-based payment expense | - | 1,507 | - | 1,507 | - | 1,507 |
| At 30 June 2017 | 13 | 573,050 | (13,209) | 559,857 | 863 | 560,720 |

Notes 1 to 20 are an integral part of these condensed interim consolidated financial statements.

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

Condensed interim consolidated statement of cash flows

(in USD thousands unless otherwise stated)

| | Period ended 30 June 2017 |
|---|--------------------------------------|
| Profit/(loss) | (13,095) |
| <i>Adjustments for:</i> | |
| Income tax expense | (4,932) |
| Share-based payment expense | 1,507 |
| Depreciation and amortisation | 18,595 |
| Impairment of non-current assets | 596 |
| Loss on disposals of non-current assets | 293 |
| Finance expense | 21,201 |
| <i>Changes in working capital:</i> | |
| Inventories | 21,489 |
| Trade and other receivables | 29,318 |
| Trade and other payables | 26,220 |
| Other assets and liabilities | (42,449) |
| Cash generated from operations | 58,743 |
| Income tax paid | (11,222) |
| Net cash generated from operating activities | 47,521 |
| Cash flows from investing activities | |
| Purchases of property, plant and equipment | (7,370) |
| Acquisition of businesses, net of cash & cash equivalent acquired | (1,192,731) |
| Financial assets, non-current | (158) |
| Net cash from/(used in) investing activities | (1,200,260) |
| Cash flows from financing activities | |
| Capital contribution | 572,002 |
| Proceeds from/(repayments of) debt | 635,692 |
| Interest paid | (24,147) |
| Net cash from/(used in) financing activities | 1,183,548 |
| Net increase/(decrease) in cash and cash equivalents | 30,810 |
| Cash and cash equivalents at beginning of period | - |
| Foreign exchange gains/(losses) on cash and cash equivalents | 796 |
| Cash and cash equivalents at end of period | 31,606 |

Notes 1 to 20 are an integral part of these condensed interim consolidated financial statements.

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

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 20. 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 Zodiac Pool Holding S.A. (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 period

The financial position and performance of the Group was particularly affected by the following events and transactions during the period between 22 November 2016 and 30 June 2017:

- the Acquisition (see note 4);
- the new credit facilities of USD 800,000 in connection with the Acquisition (see note 5);
- the utilisation of provisions (see note 6).

3 Basis of preparation of condensed interim consolidated financial statements for the period ended 30 June 2017

3.1 General principles

The condensed interim consolidated financial statements as of 30 June 2017 is the Company’s first interim financial report and as the Company was incorporated on 22 November 2016, there is no previous annual report. As a consequence, a complete disclosure of significant accounting policies is provided in Note 3.2.

The condensed interim consolidated financial statements as of 30 June 2017 have been prepared in compliance with IAS 34 “Interim financial reporting”.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements.

The condensed interim consolidated financial statements include the consolidated financial statements of the Group at 30 June 2017 and for the period from 22 November 2016 to 30 June

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

2017. The financial statements of the Company's subsidiaries cover the same reporting period as the Company.

Critical accounting estimates and judgements

The measurement procedures used for the condensed interim consolidated financial statements are as follows:

- The Group tests goodwill for impairment each year and has not performed impairment tests on the goodwill for the period ended 30 June 2017 given that it has not identified any indication that the goodwill should be impaired;
- Interim period income tax expense resulted from the estimated annual Group effective income tax rate applied to the pre-tax result;
- Pension plan actuarial valuation is performed each year and the Group has not performed actuarial valuation as of 30 June 2017;
- Provisions for restructuring plans concerns (i) a restructuring plan involving the closure of the Belberaud site in France and (ii) a restructuring plan to shut down a production line in the United States. Provisions for restructuring plans were calculated based on estimates of indemnities to be paid to employees affected by these plans.

3.2 Summary of significant accounting policies

3.2.1 Consolidation

At 30 June 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 20.

Controlled entities – Subsidiaries

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 3.2.3).

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 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 interest in the entities concerned.

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.

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

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.

3.2.2 Foreign currency translation

3.2.2.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in US Dollars (USD), which is both the functional and presentation currency of the Company.

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

| | 30 June 2017 | | 22 November 2016 |
|-----|--------------|--------------|------------------|
| | Closing rate | Average rate | Closing rate |
| EUR | 0.8763 | 0.9248 | 0.9546 |
| CAD | 1.2956 | 1.3343 | 1.3313 |
| AUD | 1.3013 | 1.3286 | 1.3699 |
| ZAR | 13.0740 | 13.4474 | 14.0025 |

3.2.2.2 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 financial income or 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.

3.2.2.3 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 the 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.

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

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 profit or loss.

3.2.3 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 remeasured 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 3.2.6), 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.

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(in USD thousands unless otherwise stated)

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.

3.2.4 Other 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 3.2.4.4).

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 3.2.6). The useful life and amortisation method for an intangible asset with a finite useful life are reviewed at least each year.
- 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 3.2.6). 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.

3.2.4.1 Customer relationships

Acquired customer relationships are initially recognised at fair value determined in connection with the related business combination (see Note 4). 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.

3.2.4.2 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 (see Note 4).

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.

3.2.4.3 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.

Notes to the Consolidated financial statements

(in USD thousands unless otherwise stated)

3.2.4.4 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 |

3.2.5 Property, plant and equipment

Property, plant and equipment 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. 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 each year.

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 3.2.6).

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.

3.2.6 Impairment of non-financial assets

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(in USD thousands unless otherwise stated)

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. Property, plant, equipment 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). Non-financial assets other than goodwill which have incurred an impairment loss are tested at each year to determine whether the impairment loss should be reversed.

3.2.7 Financial assets

3.2.7.1 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.

The classification depends on the purpose for which the financial assets were acquired. The Group does not have any held-to-maturity or available-for-sale financial assets.

3.2.7.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified in this category if acquired principally to be resold in the near term. Derivatives, including separately recognised embedded derivatives, are classified in this category, with the exception of designated, effective hedging derivatives and financial guarantee contracts.

Financial assets at fair value through profit or loss are recognised in current assets if they are expected to be sold within 12 months of the reporting date. Otherwise, they are recognised in non-current assets. Gains and losses on these assets are taken directly to income.

3.2.7.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets within "Trade and other receivables" (see Note 3.2.10), except for loans and receivables maturing more than 12 months after the reporting date, which are classified as non-current assets.

3.2.7.4 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchasing or selling the asset.

For all financial assets not carried at fair value through profit or loss, investments are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method less any impairment

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losses. Amortised cost is calculated taking into account all fees and transaction costs that are an integral part of the effective interest rate, as well as any other premiums or discounts.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised immediately in the income statement within "Other income and expenses, net", except for changes in the fair value of derivatives, which are recognised in net financial income or expense.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 3.2.10.

Financial assets are derecognised when the rights to receive the associated cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.2.8 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to manage the impact of foreign currencies and interest rates on the Group's financial performance. The Group's risk management policies prohibit the use of derivative financial instruments for speculative purposes. However, the Group does not respect the strict criteria of IAS 39 concerning hedge accounting.

Derivatives are initially recognised at fair value and are subsequently remeasured to fair value at each reporting date. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item hedged.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within "Other income and expenses, net" or in net financial income or expense, depending on the nature of the underlying risk. The fair values of derivative instruments are disclosed in Note 9.

Derivatives are classified as current assets or liabilities.

3.2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method.

The cost of raw materials and other purchased inventories is calculated based on the purchase price plus non-refundable taxes, transport costs and other direct acquisition costs and less any trade discounts and rebates. The cost of finished goods and work-in-progress comprises design costs, the cost of raw materials and direct labour, and other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. A provision is recorded for excess or obsolete inventories based on the lower of cost and net realisable value.

3.2.10 Trade and other receivables

Trade and other receivables are initially stated at fair value, which generally corresponds to the nominal value unless the effect of discounting is material. They are subsequently stated at amortised cost using the effective interest method, less any impairment losses.

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(in USD thousands unless otherwise stated)

An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Evidence of impairment includes significant financial difficulties encountered by the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The allowance is recognised in the income statement against selling expenses. When a trade receivable is considered uncollectible, it is written off.

3.2.11 Share capital and premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the acquisition of equity instruments are shown net of tax in equity as a deduction from the proceeds of the issue.

3.2.12 Trade and other payables

Trade and other payables are recognised initially at nominal value except if payment terms exceed standard terms, in which case they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

3.2.13 Debt

Debt is recognised initially at fair value, calculated as proceeds of its issue (fair value of the consideration received), net of transaction costs incurred. Debt is subsequently stated at amortised cost using the effective interest method. Any difference between the initial fair value and the redemption amount is recognised in the income statement over the term of the borrowing using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (including transaction costs) over the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount at initial recognition.

Where it is probable that all or a part of the debt will be redeemed, costs directly attributable to the arrangement of debt are recognised as transaction costs, and debt issue costs are deferred until redemption. Where it is unlikely that all or part of the debt will be redeemed, debt issue costs are capitalised and amortised over the term of the borrowing concerned.

Debt is classified as a non-current liability if the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. Otherwise it is classified as a current liability.

3.2.14 Income tax

Annual current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. These amounts are based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Interim income tax expense resulted from the estimated annual Group effective income tax rate applied to the pre-tax result.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and