

**BOARD OF DIRECTOR'S REPORT
(Point 7 and 11 of the Agenda)**





REPORT MADE BY THE BOARD OF DIRECTORS OF “FLUIDRA, S.A.” IN RELATION TO THE PROPOSAL TO AMEND ARTICLE 44 OF THE ARTICLES OF ASSOCIATION, WHICH SHALL BE SUBMITTED TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR APPROVAL (AS STATED IN POINT SEVEN OF THE AGENDA)

This report is made in compliance with article 144.1.a) of the Public Companies Act, to support the proposal to amend the Articles of Association—specifically article 44 of the Articles of Association—which will be submitted for consideration and, where appropriate, approval by the ordinary general meeting of shareholders due to be held on the 5th June 2009, as stated in point seven of the agenda.

1. Justification of the amendment proposal

The amendment to the Articles of Association proposed to the general meeting involves rewording article 44 of the Articles of Association, with the general meeting of shareholders being responsible for setting the maximum amount of remuneration paid to the Board of Directors.

The proposed amendment is justified by the need to eliminate participation in the profits of the consolidated group from the remuneration package of board members, and to design a system of remuneration for directors based primarily on a fixed, predetermined amount and on per-diem expenses for attendance at board and committee meetings.

The first paragraph of the aforementioned article 44 of the Articles of Association, in its current wording, states that the overall annual remuneration paid to the Board of Directors, which includes all the pay items detailed in the said article, is five per cent (5%) of the profits of the consolidated group, as approved by the general meeting, although the Board of Directors may reduce this percentage whenever it sees fit. The new wording of the article would provide for a fixed, predetermined remuneration policy, whereby the maximum amount paid to board members would be that determined by the general meeting of shareholders. This remuneration policy would remain in force until the general meeting decides to change it, in accordance with best corporate governance practices. The new remuneration policy has the following purposes:

- (i) **Publicity:** the amount of remuneration available to the Board of Directors will be determined in a clear, direct and stable manner; and
- (ii) **Control:** it is the general meeting of shareholders itself—i.e. the highest body within the company—that will determine the amount of remuneration.

2. Amendment proposal

The Board of Directors will submit a proposal for amending article 44 of the Articles of Association relating to directors' remuneration for approval by the general meeting of shareholders.

Article 44 of the Articles of Association of Fluidra, S.A. will thereafter read as follows:

"Article 44:

- 1. The Directors' remuneration shall consist of a fixed, specific annual emolument and of a fee for attending the meetings of the Board of Directors and of its delegational and consulting committees. The maximum amount of the remunerations which the Company may pay to the Directors as a whole for both items shall be determined for such purpose by the Shareholders' Meeting and shall remain in force until such time as the Shareholders' Meeting decides to modify it. The exact amount to be paid within that limit, the distribution thereof amongst the different Directors and the payment schedule shall be determined by the Board of Directors in the proportion which it freely determines. When determining the amount of remuneration to be received by each Director, the principle shall be applied whereby the amount is to reflect the actual professional performance of each of them.*
- 2. Additionally, apart from the remuneration provided for in the preceding paragraph, the Company plans to establish remuneration systems which are indexed to the market value of the shares or which entail the delivery of shares or of stock option to the Directors. The application of such remuneration systems shall be decided on by the Shareholders' Meeting, which shall determine, as the case may be, the value of the shares to be taken as a reference, the number of shares to be delivered to each Director, the exercise price of the stock options, the duration of this remuneration system and any other conditions it deems appropriate.*
- 3. The remuneration established in the preceding paragraphs derived from the Directors' membership on the Board of Director shall be compatible with the other professional or employment items received by the Directors for any executive or advisory functions they may perform for the Company other than those relating to supervision and collective decision-making specific to their office as Directors, and which shall be subject to the legal regime applicable to them. "*



On the basis of the above considerations, the Board of Directors of Fluidra, S.A. has approved this report at its meeting dated [24th] [April] 2009.

Mr Joan Planes Vila

Mr Eloy Planes Corts

Mr Bernat Garrigós Castro

Mr Óscar Serra Duffo

Mr Bernardo Corbera Serra

Bansabadell Inversió Desenvolupament, S.A.,
represented by Mr Carlos Ventura Santamans

Mr Richard Cathcart

Mr Kam Son Leong

Mr Juan Ignacio Acha-Orbea Echeverria

WRITTEN REPORT TO JUSTIFY AMENDMENTS TO THE ARTICLES OF ASSOCIATION

1. Aim of the report.

To give notification of the fact that the Board of Directors of FLUIDRA, S.A., pursuant to article 144 of the amended Public Limited Companies Act, and in accordance with article 29 of the General Meeting Regulations is issuing a report to justify its proposal to amend articles 31(ii) and 33 of the Company's Articles of Association and articles 12 (ii) and 24 (ii) of the General Meeting Regulations, which shall be submitted for approval by the ANNUAL GENERAL MEETING.

2. Justification of the proposed agreement.

Through this report, the Board of Directors wishes to acknowledge the need to remove the implementation of the system of representation and/or voting through means of distance electronic communications to which shareholders are entitled, as set out both in the Articles of Association and in the General Meeting Regulations.

Recent experience has brought to light the low, almost negligible use of this electronic medium by the shareholders in the first AGM the company held as a listed company. This circumstance coupled with the high cost of this way of remote voting and proxy voting, in addition to the company's current low market capitalization, makes it recommendable to be removed as a system of representation and/or voting. Thus, the amount saved by withdrawing this resource could be assigned to other investments or directly to increasing the dividends to be distributed amongst the shareholders.

3. Agreement proposal that is to be submitted for approval by the Annual General Meeting.

(i).- Regarding to the company articles of association

"Article 31. Remote voting

Shareholders entitled to attend may vote remotely on motions relating to items included on the agenda of any type of General Meeting by mail post by returning the attendance and vote card sent by the entity or entities responsible for keeping the account notes register, signed and completed for this purpose.

The vote cast by mail post shall be valid only when received by the Company before 12:0'clock midnight of the day immediately prior to the date set for the Meeting at first call. Otherwise, the vote shall be considered not to have been cast.

In accordance with the provisions of the General Meeting's Rules and Regulations, the Board of Directors may expand on the preceding provisions by setting rules,

media and procedures adapted to the state of the art to implement the casting of votes and the issue of proxies by mail post, conforming if appropriate to the standards set for this purpose. The expanded rules adopted under the present paragraph shall be published on the Company's Web page.

Personal attendance by the shareholder or his representative at the General Meeting shall revoke the vote cast by mail post"

"ARTICLE 33. DELIBERATION AND PASSING OF RESOLUTIONS

The President shall submit for deliberation the matters included on the agenda and shall lead discussions so that the meeting proceeds smoothly. For this purpose he shall enjoy appropriate authority to establish order and discipline and may order the ejection of anyone disturbing the Meeting's normal progress and decide to temporarily suspend the session. The President, even when present at the session, may entrust guidance of the discussions to the Secretary or to the member of the Board of Directors that he deems appropriate.

Shareholders may request information under the conditions established at article 30 above.

Any shareholder may also participate at least once in the discussion of the items on the agenda, although the President, using his powers, is authorised to adopt measures for order such as limiting the time allotted to each speaker, setting turns, or closing off the list of speakers.

Once the matter has been sufficiently discussed, the President puts it to the vote. The President is responsible for setting the voting system he deems most appropriate and for directing the corresponding process, adapting if appropriate to the expanded rules set forth in the General Meeting's Rules and Regulations.

Each voting share present or represented at the General Meeting shall be entitled to one vote. The shareholder entitled to vote may exercise his right by post in compliance with the provisions of the General Meeting's Rules and Regulations.

The Meeting's decisions shall be taken by the favourable vote of a majority of the capital present or represented. This is without prejudice to those cases in which the law or the present articles of association stipulate a greater majority and, in particular, when shareholders are present who represent less than fifty percent of the subscribed voting capital; decisions relating to the matters referred to at Article 103 of the Corporations Act shall require the favourable vote of two-thirds of the share capital present or represented at the Meeting in order to be valid.

- (i) Regarding the articles of the General Meeting Regulations:

ARTICLE 12 Representation and ARTICLE 24 Voting through remote means of communication have been modified by removing all reference to the system of

representation and/or voting through means of distance electronic communications in accordance to the afore mentioned articles of the Company Articles of Association.

This report justifies the amendment of the articles 31 and 33 of the Company's Articles of Association and articles 12 and 24 of the General Meeting Regulations, according to the art. 144 of the amended Public Limited Companies Act and article 29 of the General Meeting Regulations, by the Board of Directors of FLUIDRA, S.A. in his meeting held in April 2009, 24th., will be at shareholders' disposal in the registered address of the company from the date of publication of the Ordinary Shareholders' meeting call, to take place in "La Cambra de Comerç de Sabadell" in Avda. Francesc Macià nº 60, Sabadell, in June 2009, 5th, at 12.30 h. at first call.

In Sabadell, 24th. April 2009.

The Chairman

The Secretary

Mr. Juan Planes Vila

Mr. Alberto Collado Armengol