



**FLUIDRA, S.A.
AND SUBSIDIARIES**

**Interim Condensed Consolidated Financial Statements
prepared in accordance with International Financial Reporting
Standards as adopted by the European Union**

June 30, 2017

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fluidra, S.A.:

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Fluidra, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the condensed consolidated statement of financial position at June 30, 2017, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the explanatory notes, all of which have been condensed and consolidated, for the six-month period then ended. The Parent's directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would cause us to believe that the accompanying interim financial statements for the six-month period ended June 30, 2017 have not been prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of condensed interim financial statements.

Emphasis of matter paragraph

We draw attention to the matter described in accompanying explanatory Note 2, which indicates that the above-mentioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2016. Our conclusion is not modified in respect of this matter.

Report on other legal and regulatory requirements

The accompanying consolidated interim management report for the six-month period ended June 30, 2017 contains such explanations as the Parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended on June 30, 2017. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Fluidra S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Parent's Management with regard to the publication of the half yearly financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law enacted by Royal Decree 1362/2007 of October 19

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

June 30, 2017 and 2016

(Thousands of euros)

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Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Financial Position
June 30, 2017 and 2016 and December 31, 2016
(Thousands of euros)

<u>Assets</u>	<u>Notes</u>	<u>6/30/2017</u> (Limit. Rev.)	<u>6/30/2016</u> (Limit. Rev.)	<u>12/31/2016</u> (Audited)
Property, plant, and equipment	7	99,419	102,224	101,289
Investment property		1,691	1,516	1,708
Goodwill	8	192,592	190,846	199,557
Other intangible assets	7	36,254	38,094	40,793
Investment accounted for using the equity method		132	110	120
Non-current financial assets	9	4,820	5,255	5,613
Other receivables		3,220	2,442	2,285
Deferred tax assets		20,759	31,065	24,660
Total non-current assets		358,887	371,552	376,025
Inventories		184,326	171,545	164,611
Trade and other receivables		259,284	238,449	154,127
Other current financial assets	9	6,114	4,010	4,147
Derivative financial instruments	9-10	426	438	274
Cash and cash equivalents		48,107	58,388	86,099
Total current assets		498,257	472,830	409,258
TOTAL ASSETS		<u>857,144</u>	<u>844,382</u>	<u>785,283</u>
<u>Equity</u>				
Share capital		112,629	112,629	112,629
Share premium		92,831	92,831	92,831
Retained earnings and other reserves		137,963	118,690	117,858
Treasury shares		(6,208)	(4,917)	(6,319)
Other comprehensive income		3,798	4,924	8,143
Equity attributable to equity holders of the parent	11	341,013	324,157	325,142
Non-controlling interests		11,473	14,306	11,177
Total equity		<u>352,486</u>	<u>338,463</u>	<u>336,319</u>
<u>Liabilities</u>				
Bank borrowings	14	167,742	193,566	174,989
Derivative financial instruments	10	1,519	2,691	1,958
Deferred tax liabilities		22,113	24,987	22,611
Provisions	13	9,677	9,739	8,419
Government grants		744	859	806
Other non-current liabilities		23,109	7,586	23,590
Total non-current liabilities		224,904	239,428	232,373
Bank borrowings	14	81,565	83,595	74,985
Trade and other payables		190,694	177,018	134,709
Provisions	13	6,793	5,278	6,050
Derivative financial instruments	10	702	600	847
Total current liabilities		279,754	266,491	216,591
TOTAL EQUITY AND LIABILITIES		<u>857,144</u>	<u>844,382</u>	<u>785,283</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended June 30, 2017 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Income Statement
for the six-month periods ended June 30, 2017 and June 30, 2016
and the year ended December 31, 2016
(Thousands of euros)

	Notes	6/30/2017 (Limit. Rev.)	6/30/2016 (Limit. Rev.)	12/31/2016 (Audited)
Operating income				
Sales of goods and finished products		452,498	397,218	713,252
Income from the rendering of services	17	8,076	7,449	14,928
Work performed by the Group and capitalized as non-current assets		2,642	2,373	5,477
Total operating income		<u>463,216</u>	<u>407,040</u>	<u>733,657</u>
Operating expenses				
Change in inventories of finished goods and work in progress and raw materials consumables	16	(222,993)	(192,693)	(346,374)
Employee benefits expense	18	(85,040)	(80,485)	(158,260)
Amortization and depreciation expenses and impairment losses		(19,921)	(18,421)	(39,846)
Other operating expenses	19	(82,293)	(75,579)	(144,735)
Total operating expenses		<u>(410,247)</u>	<u>(367,178)</u>	<u>(689,215)</u>
Other gains and losses				
Profit from sales of fixed assets		1,476	142	1,647
Total other gains and losses		<u>1,476</u>	<u>142</u>	<u>1,647</u>
Operating profit		<u>54,445</u>	<u>40,004</u>	<u>46,089</u>
Financial income / expenses				
Finance income		1,187	2,068	2,791
Finance cost		(5,812)	(5,300)	(11,192)
Exchange gains/(losses)		(943)	618	1,952
Net financial profit / (loss)	20	<u>(5,568)</u>	<u>(2,614)</u>	<u>(6,449)</u>
Share of profit / (loss) for the year of entities accounted for using the equity method				
Profit/ (loss) before tax from continuing operations		<u>11</u>	<u>17</u>	<u>27</u>
Profit/ (loss) before tax from continuing operations		<u>48,888</u>	<u>37,407</u>	<u>39,667</u>
Income tax expense				
Income tax expense	21	(13,159)	(11,453)	(13,135)
Profit/ (loss) after tax from continuing operations		<u>35,729</u>	<u>25,954</u>	<u>26,532</u>
Profit / (loss) attributable to non-controlling interests		1,605	1,434	2,464
Profit / (loss) attributable to equity holders of the parent		<u>34,124</u>	<u>24,520</u>	<u>24,068</u>
EBITDA	24	<u>74,377</u>	<u>58,442</u>	<u>85,962</u>
Basic and diluted earnings per share (euros)	12	<u>0.30780</u>	<u>0.21974</u>	<u>0.21539</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended June 30, 2017 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Comprehensive Income
for the six-month periods ended June 30, 2017 and June 30, 2016
and the year ended December 31, 2016
(Thousands of euros)

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>12/31/2016</u>
Profit / (loss) for the period	35,729	25,954	26,532
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss			
Recalculation of the measurement of defined benefit plans	-	-	-
Tax effect	-	-	-
Items that will be subsequently reclassified to profit or loss			
Cash flow hedges	637	(1,351)	(406)
Exchange differences on translation of foreign operations	(5,180)	(3,279)	(1,062)
Tax effect	<u>(159)</u>	<u>386</u>	<u>102</u>
Other comprehensive income for the year, net of tax	<u>(4,702)</u>	<u>(4,244)</u>	<u>(1,366)</u>
Total comprehensive income for the year	<u><u>31,027</u></u>	<u><u>21,710</u></u>	<u><u>25,166</u></u>
Total comprehensive income attributable to:			
Equity holders of the parent	29,779	20,500	23,267
Non-controlling interests	<u>1,248</u>	<u>1,210</u>	<u>1,899</u>
	<u><u>31,027</u></u>	<u><u>21,710</u></u>	<u><u>25,166</u></u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended June 30, 2017 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Changes in Equity
for the six-month period ended June 30, 2017
(Thousands of euros)

	Equity attributable to equity holders of the parent									
	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Treasury shares	Other comprehensive income		Total	Non- controlling interest	Total Equity
						Exchange Gains (losses)	Other			
Balance at January 1, 2017	112,629	92,831	13,854	104,004	(6,319)	9,706	(1,563)	325,142	11,177	336,319
Total comprehensive income for the year	-	-	-	34,124	-	(4,823)	478	29,779	1,248	31,027
Inclusion of entities	-	-	-	-	-	-	-	-	-	-
Change in ownership interest	-	-	-	-	-	-	-	-	(140)	(140)
Treasury shares	-	-	-	378	111	-	-	489	-	489
Equity-based payments	-	-	-	603	-	-	-	603	-	603
Other	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	(15,000)	-	-	-	(15,000)	(812)	(15,812)
Balance at June 30, 2017	<u>112,629</u>	<u>92,831</u>	<u>13,854</u>	<u>124,109</u>	<u>(6,208)</u>	<u>4,883</u>	<u>(1,085)</u>	<u>341,013</u>	<u>11,473</u>	<u>352,486</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended June 30, 2017 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Changes in Equity
for the six-month period ended June 30, 2016
(Thousands of euros)

	Equity attributable to equity holders of the parent									
	Share Capital	Share Premium	Legal Reserve	Retained Earnings	Treasury shares	Other comprehensive income		Total	Non- controlling interest	Total Equity
						Exchange Gains (losses)	Other			
Balance at January 1, 2016	112,629	92,831	11,108	93,210	(1,561)	10,203	(1,259)	317,161	14,884	332,045
Total comprehensive income for the year	-	-	-	24,520	-	(3,055)	(965)	20,500	1,210	21,710
Inclusion of entities	-	-	-	-	-	-	-	-	-	-
Change in ownership interest	-	-	-	(727)	-	-	-	(727)	(626)	(1,353)
Treasury shares	-	-	-	(45)	(3,356)	-	-	(3,401)	-	(3,401)
Equity-based payments	-	-	-	634	-	-	-	634	-	634
Other	-	-	-	(10)	-	-	-	(10)	-	(10)
Dividends	-	-	-	(10,000)	-	-	-	(10,000)	(1,162)	(11,162)
Balance at June 30, 2016	<u>112,629</u>	<u>92,831</u>	<u>11,108</u>	<u>107,582</u>	<u>(4,917)</u>	<u>7,148</u>	<u>(2,224)</u>	<u>324,157</u>	<u>14,306</u>	<u>338,463</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended June 30, 2017 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Cash Flow Statement
for the six-month periods ended June 30, 2017 and June 30, 2016
(Thousands of euros)

	Note	2017	2016
<u>Cash flows from operating activities</u>			
Profit for the year before tax		48,888	37,407
<i>Adjustments for:</i>			
Amortization and depreciation	7	16,450	15,679
Provision for bad debts	19	1,449	2,581
Provision for/(reversal of) impairment losses on assets		3,471	2,742
Provision for/(reversal of) impairment losses on financial assets		770	-
Provision for/(reversal of) impairment losses on risks and expenses	13	1,684	1,529
Provision for/(reversal of) impairment losses on inventories	16	1,079	303
Income from financial assets	20	(407)	(649)
Financial expenses	20	4,515	4,076
(Income)/expenses from currency translation differences		943	(611)
Share in profit/(loss) for the year from associates accounted for using the equity method		(11)	(17)
(Profit)/loss from the sale of property, plant and equipment and other intangible assets		(29)	(142)
(Profit)/loss from the sale of subsidiaries		(1,447)	-
Government grants recognized in profit and loss		(68)	(91)
Adjustments to consideration given against gains/losses on business combinations		(414)	(1,000)
Share-based payment expenses		603	634
(Gains)/losses from derivative financial instruments at fair value through profit or loss		(56)	625
Operating profit before changes in working capital		77,420	63,066
Changes in working capital, excluding effects of acquisitions and currency translation differences			
Increase/decrease in trade and other receivables		(118,430)	(103,540)
Increase/decrease in inventories	16	(22,590)	(24,212)
Increase/decrease in trade and other payables		47,536	45,617
Utilization of provisions	13	(55)	(317)
Cash from operating activities		(16,119)	(19,386)
Interest paid		(3,028)	(2,756)
Interest received		407	649
Corporate income tax paid		(4,315)	(714)
Net cash from operating activities		<u>(23,055)</u>	<u>(22,207)</u>
<u>Cash flows from investing activities</u>			
From the sale of property, plant and equipment		226	335
From the sale of other intangible assets		29	44
From the sale of financial assets		1,654	3,926
From the sale of financial investments		-	-
From the sale of subsidiaries, net of cash utilized		10,182	-
Acquisition of property, plant and equipment		(7,127)	(9,192)
Acquisition of intangible assets		(5,470)	(6,571)
Acquisition of other financial assets		(5,077)	(537)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	6	31	(600)
Payments for acquisitions of subsidiaries in prior years		(9,489)	(3,661)
Net cash used in investing activities		<u>(15,041)</u>	<u>(16,256)</u>
<u>Cash flows from financing activities</u>			
Payments for repurchase of treasury shares		(705)	(3,400)
Proceeds from the sale of treasury shares		1,195	-
Proceeds from grants		2	17
From bank borrowings		19,047	52,804
Repayment of interest-bearing liabilities and payment of finance lease liabilities		(17,085)	(17,854)
Dividends paid		(812)	(1,162)
Net cash from financing activities		<u>1,642</u>	<u>30,405</u>
Net increase in cash and cash equivalents		(36,454)	(8,058)
Cash and cash equivalents at January 1		86,099	67,353
Effect of currency translation differences on cash flows		(1,538)	(907)
Cash and cash equivalents at June 30		<u>48,107</u>	<u>58,388</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended June 30, 2017 prepared in accordance with IFRS as adopted by the European Union.

1. Nature, principal activities and companies composing the Group

Fluidra, S.A. (hereinafter the Company) was incorporated as a limited liability company for an indefinite period in Girona on October 3, 2002 under the name Aquaria de Inv. Corp., S.L., and changed to its current name on September 17, 2007.

The Company's corporate purpose and activity consists in the holding and use of equity shares, securities and other stock, and advising, managing and administering the companies in which the Company holds an ownership interest.

The Company is domiciled at Avenida Francesc Macià, nº 60, planta 20, in Sabadell (Barcelona).

The Group's activity consists in the manufacture and marketing of accessories and machinery for swimming-pools, irrigation and water treatment and purification.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in the accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest in other entities as detailed also in this Appendix. Group companies have been consolidated using their interim financial statements prepared/approved for issue by the corresponding managing bodies or Board of Directors.

On October 31, 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of 1 euro each.

These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

2. Basis of presentation

These interim condensed consolidated financial statements have been prepared from the accounting records of Fluidra, S.A. and the companies included in the Group. This interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, and especially IAS 34 "Interim Financial Reporting" as adopted by the European Union (IFRS-EU) pursuant to article 12 of RD 1362/2007. These financial statements do not include all disclosures required for annual financial statements, and shall be read together with the consolidated financial statements for the years ended December 31, 2016 and 2015 prepared in accordance with IFRS-EU.

a) Basis of presentation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial instruments at fair value through profit or loss and some available-for-sale financial assets, which have been measured at fair value.

b) Comparison of information

For comparative purposes, the interim condensed consolidated financial statements include the consolidated figures for the six-month period ended June 30, 2017 in addition to those for the same period of the prior year for each item of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the notes thereto, which have been obtained by consistently applying the IFRS-EU as required by the standards. Additionally, due to the seasonality of activities, for comparative purposes, the Company's Directors have considered it appropriate to include the figures for the year ended December 31, 2016 in the consolidated statement of financial position and the consolidated income statement.

All significant mandatory accounting principles have been applied.

The 2016 consolidated financial statements were approved for issue by the shareholders in general meeting on May 3, 2017.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

June 30, 2017 and 2016

(Thousands of euros)

c) Significant accounting estimates and key assumptions and judgments when applying accounting policies

In the preparation of interim condensed consolidated financial statements in accordance with IFRS-EU IAS 34 "Interim Financial Reporting", Group Management is required to make judgments, estimates and assumptions affecting the adoption of the standards and the amounts of assets, liabilities, income and expenses. The estimates and assumptions adopted are based on historical experience and various other factors understood to be reasonable under the existing circumstances.

In the Group's interim condensed consolidated financial statements for the six-month periods ended June 30, 2017 and 2016, estimates were occasionally made by management of the Group and of the consolidated companies in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates basically refer to:

- The useful life and fair value of the customer portfolio and intangible assets.
- The assumptions used in determining the value in use of the Cash Generating Units (CGUs) or group of CGUs for the purposes of evaluating potential impairment of goodwill and other assets (Note 8).
- Assessment of technical and commercial feasibility of development progress in progress.
- Estimate of the provisions for bad debts and obsolete inventory.
- The fair value of financial instruments and of certain unquoted financial assets.
- Assumptions used in determining the fair values of assets, liabilities and contingent liabilities related to the business combination of Aqua and Fluidra Waterlinx Pty, Ltd, and SIBO Netherlands B.V. Liabilities for contingent considerations correspond to level 3 fair value hierarchy in accordance with IFRS 13.
- The fair value of the commitment to the Company's management team related to the acquisition of an ownership interest in the Company's share capital.
- Estimates and judgments related to the provisions for litigation.
- Assessment of the recoverability of tax credits, included tax losses from prior years and rights to deduction. Deferred tax assets are recognized to the extent that future tax profit is available against which temporary differences can be charged, based on the management's assumptions about the amount of and payment schedules for future tax profit. Additionally, in the case of deferred tax assets related to investments in group companies, their capitalization takes into account whether they will be reversed in the foreseeable future.

Although these estimates are made on the basis of the best information available on the events analyzed at June 30, 2017 and 2016, events may occur in the future which require to adjust these estimates (upwards or downwards) in coming years or periods. Any effect of the adjustments made in future years shall be recognized prospectively.

Additionally, the main judgments made by the Company's Management in identifying and selecting the criteria applied in the measurement and classification of the main items presented in the interim condensed consolidated financial statements are as follows:

- Reasons supporting the transfer of risks and rewards in leases and in the recognition of disposals of financial assets and liabilities,
- Reasons supporting the classification of assets as investment property,
- Assessment criteria for impairment of financial assets, and
- Reasons supporting the capitalization of development projects.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

June 30, 2017 and 2016

(Thousands of euros)

3. Significant accounting principles applied

The accounting standards used to prepare the accompanying interim consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2016, since the European Union has not yet approved any amendments issued by IASB that are applicable for the first time this year.

The Group intends to apply the standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union as at the date of authorizing the accompanying consolidated financial statements for issue when they are effective, to the extent applicable to the Group. Although the Group is currently analyzing their impact, based on the analysis conducted to date, the Group believes that their first-time application will not have a material impact on the consolidated financial statements, except for IFRS 16.

The Group has made a preliminary estimate of what the adoption of IFRS 16 would entail. Based on a prospective calculation it has decided to measure the right-of-use asset at the same value that the liability according to data at June 30, 2017. Based on this data its assets and liabilities would increase by 70 to 90 million euros.

4. Segment information

The Group is structured into three divisions, two of which include the Group's sales and distribution activities based on a geographical approach, and the third division includes the Group's transactions and logistics chain. All three divisions are centrally defined and managed by the Group's Management Committee.

The Sales Divisions are the Europe Division and the Expansion Division. The purpose of this structure is to increase the focus on each market and rationalize the supply chain by unifying purchases, production, storage and logistics under a single management. Additionally, the Europe Division, concentrated on markets showing a more modest growth, focuses on gaining efficiency in its processes and profitability through operating leverage, and the Expansion Division, concentrated on markets with greater growth expectations, focuses on increasing our market share in those markets. These Divisions transversally include the Pool & Wellness, Irrigation & Water Treatment, and Fluid Handling & Industrial & Others business units, which focus on marketing products in the residential, commercial and industrial markets. This commercial structure allows the Company to combine a more direct approach to each business and market segments and operating synergies such as sharing the capillarity of distribution networks by country.

The Operations Division, which is mainly located in Spain, France, Israel and China, focuses on increasing cost efficiency through the rationalization of production plant structure and the optimization of industrial assets.

This organizational structure affects the identification of the cash generating units (CGUs) of the Group (Note 8) and the segment information.

Segment information shows the information used by Fluidra Group's Management in accordance with the changes in IFRS 8.

Holding, real estate and services companies do not form operating segments (they do not generate significant revenue to third parties or revenue is supplementary to the Group's activity). All these companies are grouped into the "Shared services" caption.

The inter-segment selling prices are established based on standard terms and conditions available to unrelated third parties.

The difference between the sum of the items of the different business segments and the total thereof in the consolidated income statement corresponds to the "Shared services" caption and to the intra-segment consolidation adjustments, basically the sales between the Operations division and the Sales divisions, and

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their corresponding margin adjustment in inventories, as well as other adjustments derived from the business combinations and consolidation.

As for assets and liabilities, mainly financial assets and liabilities have not been allocated to any of the aforementioned business segments ("unallocated" column). The difference between the items of the different segments and the "unallocated" column and the total assets and liabilities in the consolidated statement of financial position mainly corresponds to intra-segment consolidation adjustments, to the elimination between investment and shareholders' equity of the financial investments in group companies, as well as to other adjustments derived from the business combinations and consolidation.

No customer accounts for sales to third parties greater than 10% of total sales.

The breakdown of the Group's segment information for the six-month periods ended June 30, 2017 and 2016 is shown in Appendix II to these interim condensed consolidated financial statements.

5. Seasonal transactions

Although the Group's sales seasonality is decreasing due to its growth in the Southern hemisphere (in 2016 55.7% of sales concentrated on the first half of the year), positive results are largely generated during the first six months of the year. In 2016 68% of EBITDA concentrated on the first six months of the year. For the six-month period ended June 30, 2017 the Group's sales have amounted to 452.5 million euros (397,2 million euros for the six-month period ended June 30, 2016) and operating profit amounted to 54.5 million euros (40 million euros for the six-month period ended June 30, 2016).

The increases in inventories, trade receivables and payables between December 31, 2016 and June 30, 2017 are mainly due to the business seasonality.

6. Business combinations and sales of group companies

The breakdown of the transactions resulting in the most significant additions during the six-month periods ended June 30, 2017 and 2016 is as follows:

2017

On April 5, 2017 the Group acquired the French company Poolweb, SAS.

During the period comprised between the date of acquisition and June 30, 2017 the acquired business has generated consolidated total sales of goods and finished products amounting to 2,433 thousand euros and consolidated total profit after tax amounting to 78 thousand euros.

If the acquisition had occurred on January 1, 2017, the Group's sales of goods and finished products would have increased by 1,397 thousand euros and consolidated profit after tax would have increased by 2 thousand euros.

The breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the six-month period ended June 30, 2017 is as follows:

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	Thousands of euros
Consideration paid	
Cash paid	46
Total consideration paid	46
Fair value of net assets acquired	46
Goodwill	-

The amounts that have been recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired during the six-month period ended June 30, 2017, by significant categories, are as follows:

	Thousands of euros Fair value
Property, plant, and equipment	80
Other intangible assets	2
Non-current financial assets	25
Deferred tax assets	44
Inventories	1,808
Trade and other receivables	1,702
Cash and cash equivalents	77
Total assets	3,738
Non-current provisions	28
Trade and other payables	2,214
Income tax liabilities	20
Other non-current liabilities	1,430
Total liabilities and contingent liabilities	3,692
Total net assets	46
Total net assets acquired	46
Paid in cash	46
Cash and cash equivalents acquired	77
Cash paid for the acquisitions	(31)

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Following Fluidra's strategy to divest in non-essential activities in order to focus on the Group's core business, on March 28, 2017 the company Aplicaciones Técnicas Hidráulicas, S.L.U. was sold for an amount of 10,476 thousand euros.

The breakdown of the sale of the abovementioned company during the six-month period ended June 30, 2017 was as follows:

	Thousands of euros
Amount received in cash	7,609
Deferred collections	2,867
Total	10,476
Total net assets sold	9,029
Profit from the Sale	1,447

The amounts derecognized in the consolidated balance sheet at the date of disposal of the assets, liabilities and contingent liabilities of the businesses sold during the six-month period ended June 30, 2017, by significant categories, are as follows:

	Thousands of euros
Property, plant, and equipment	66
Other intangible assets	12
Goodwill	3,113
Other non-current financial assets	50
Deferred tax assets	12
Trade and other receivables	10,940
Inventories	3,604
Cash and cash equivalents	294
Total assets	18,091
Trade and other payables	3,253
Current income tax liabilities	17
Bank borrowings	5,792
Total liabilities and contingent liabilities	9,062
Total net assets	9,029
Total net assets sold	9,029
Amount received in cash	7,609
Cash and cash equivalents disposed of	294
Net cash generated by the sale	7,315

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2016

On January 12, 2016 the Group acquired the business of the French company EGT Aqua for the marketing of wooden pools in Europe in both the mass market channel and the professional channel. The transaction, which was measured at 1,000 thousand euros, included the design of pools and the wide experience in the sale of these products in the large distribution channel. Goodwill arisen in this transaction was included in the Europe CGU.

7. Property, plant and equipment and Other intangible assets

Additions of intangible assets during the first half of 2017 amounted to 5,471 thousand euros (6,571 thousand euros during the same period ended June 30, 2016).

These investments notably include additions due to expenses incurred in the several development projects that the Group is currently carrying out for an amount of 1,916 thousand euros (2,065 thousand euros during the same period ended June 30, 2016), which relate to product developments for responsible use of water.

Additionally, Fluidra has started a project to implement and roll out its information systems called "Invictus", in which an amount of 2,336 thousand euros has been invested in the six-month period ended June 30, 2017 (3,766 thousand euros in the same period ended June 30, 2016).

The movements in the items included Property, plant and equipment during the first half of 2017 are as follows:

	Balances at 12.31.16	Business combination (Note 6)	Additions	Disposals / sale of group companies	Transfers	Translation differences	Balance at 06.30.17
Cost	369,982	155	7,243	(4,551)	(8)	(2,036)	370,785
Accumulated depreciation	(268,693)	(75)	(8,051)	4,288	(115)	1,280	(271,366)
Net carrying amount	<u>101,289</u>	<u>80</u>	<u>(808)</u>	<u>(263)</u>	<u>(123)</u>	<u>(756)</u>	<u>99,419</u>

During the first half of 2017 there have been investments in molds for new products for an approximate amount of 666 thousand euros (637 thousand euros during the same period ended June 30, 2016). The investments in several production plants (3,902 thousand euros) and machinery to improve the production process (798 thousand euros) should be noted.

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8. Goodwill and sale of group companies

During 2017, as a result of the former shareholders of the Aqua Group leaving the management, the Group has restructured the Aqua Group into two separate units. On the one hand, Aqua Manufacturing, as the Group's pool cleaners factory, focuses on the manufacture of devices that are marketed by Fluidra's distribution network in Europe and the rest of the world, including the United States. On the other hand, Aqua EEUU remains an independent distribution unit in the US market. Thus, the Fluidra Group expects a positive evolution as a result of giving each market greater focus.

The redistribution of the values allocated to goodwill in accordance with the new structure of the Aqua Group has considered the relative value in use at December 31, 2016. This value in use has been calculated based on the estimated cash flows at that date, using discount rates of 7.5% for Aqua EEUU and 7.7% for Aqua Manufacturing, and a 2% long-term growth rate.

This reorganization entails a change in the business segments described in Note 4, incorporating into the Expansion division the Aqua EEUU CGU, which was formerly allocated to the Operations division.

The breakdown of goodwill allocated by CGU or group of CGUs at December 31, 2016 and June 30, 2017 is as follows:

	Segment	Thousands of euros	
		6/30/2017	12/31/2016
Europe	Europe	40,072	43,086
Expansion	Expansion	45,428	45,044
Operations	Operations	55,339	56,003
Certikin Internacional, LTD	Europe	3,354	3,439
SSA Fluidra Österreich, GmbH	Europe	4,991	4,991
Astral Pool Australia PTY LTD and subsidiaries	Expansion	9,065	9,223
Aqua Manufacturing	Operations	17,797	17,538
Aqua EEUU	Expansion	1,032	4,384
Fluidra Waterlinx	Expansion	10,466	10,801
SIBO	Europe	5,048	5,048
Total		<u>192,592</u>	<u>199,557</u>

The movement in goodwill is due to the sale of the company Aplicaciones Técnicas Hidráulicas, S.L.U. (Note 6) integrated into the Europe CGU, as well as to the impairment of the Aqua EEUU CGU. The sales business in the US has not showed the expected evolution in the projection used at 2016 year end.

The movement in goodwill is also due to the change in the currency translation differences arisen from the goodwill denominated in foreign currency, mainly due to the fluctuations in the exchange rates of the pound sterling, Australian dollar, US dollar, Israeli shekel, South African rand, Brazilian real and Chinese renminbi.

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9. Current and non-current financial assets

The breakdown of "Other current and non-current financial assets" is as follows:

	Note	Thousands of euros		
		6/30/2017	12/31/2016	6/30/2016
Available-for-sale financial assets		230	1,030	469
Deposits and guarantees		4,590	4,583	4,786
Total non-current assets		4,820	5,613	5,255
Available-for-sale financial assets		-	-	11
Deposits and guarantees		6,114	4,147	3,999
Derivative financial instruments	10	426	274	438
Total current		6,540	4,421	4,448

Non-current available-for-sale assets mostly relate to debt securities quoted on the secondary market and earning market interest rates.

The "Deposits and guarantees" caption mainly includes time deposits that earn market interest rates and are classified in the "Loans and receivables" caption, as well as deposits and guarantees given as a result of rental contracts. These are measured following the criteria established for financial assets. The difference between the amount given and fair value is recognized in the income statement as a prepayment over the lease term.

The fair value of quoted securities is determined based on their price at the reporting date of the interim condensed consolidated financial statements.

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10. Derivative financial instruments

The breakdown of the derivative financial instruments is as follows:

	6/30/2017				
	Thousands of euros				
	Amount Notional amount	Fair values			
		Assets		Liabilities	
	Non- current	Current	Non-current	Current	
1) Derivatives held for trading					
<i>a) Exchange rate derivatives</i>					
Foreign currency contracts	18,148	-	426	-	345
Total derivatives traded on over-the-counter markets		-	426	-	345
Total derivatives held for trading		-	426	-	345
2) Hedging derivatives					
<i>a) Cash flow hedges</i>					
Interest rate swaps	105,525	-	-	1,519	-
Foreign currency swaps	5,544	-	-	-	357
Total hedging derivatives		-	-	1,519	357
Total recognized derivatives		-	426	1,519	702
		(Note 9)	(Note 9)		

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	6/30/2016				
	Thousands of euros				
	Amount Notional amount	Fair values			
		Assets		Liabilities	
	Non-current	Current	Non-current	Current	
1) Derivatives held for trading					
<i>a) Exchange rate derivatives</i>					
Foreign currency contracts	14,429	-	438	-	378
Total derivatives traded on over-the-counter markets		-	438	-	378
Total derivatives held for trading		-	438	-	378
2) Hedging derivatives					
<i>a) Cash flow hedges</i>					
Interest rate swaps	123,894	-	-	2,573	-
Foreign currency swaps	4,839	-	-	118	222
Total hedging derivatives		-	-	2,691	222
Total recognized derivatives		-	438	2,691	600
		(Note 9)	(Note 9)		

The fair value of swaps, since they are derivatives not traded on organized markets, is calculated using the discounted value of expected cash flows due to the spread in rates, based on observable market conditions at the date of measurement (corresponding to the level 2 measurement method in accordance with IFRS 13).

The fair value of swaps and exchange rate derivatives has been estimated using the discounted cash flow method based on forward exchange rates available in public databases at the reporting date (corresponding to the level 2 measurement method in accordance with IFRS 13).

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11. Equity

The breakdown of and movements in equity are shown in the consolidated statement of changes in equity.

a) Share capital

At June 30, 2017 Fluidra, S.A.'s share capital consists of 112,629,070 ordinary shares with a par value of 1 euro each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. All shares bear the same political and financial rights.

On October 31, 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of 1 euro each.

These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

The Company only knows the identity of its shareholders through the information that they voluntarily provide or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant equity shares at June 30, 2017 is as follows:

	<u>Ownership percentage</u>
Boyser, S.R.L.	14.12%
Edrem, S.L.	13.50%
Dispur, S.L.	12.28%
Aniol, S.L.	10.16%
NMAS1 Asset Management	8.00%
Santander Asset Management, S.A.	6.42%
Maveor, S.L.	5.01%
Other shareholders	<u>30.51%</u>
	<u>100.00%</u>

b) Share premium

This reserve can be freely distributed, except for the established in section f) of this note.

c) Legal reserve

According to the revised text of the Spanish Corporation Law, companies must transfer 10% of profits for the year to a legal reserve until this reserve is equivalent to at least 20% of capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

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d) Parent company shares

The movements in treasury shares during the six-month period ended June 30, 2017 are as follows:

	Euros		
	Number	Face value	Average acquisition/disposal price
Balance at 01.01.17	1,817,144	1,817,144	3.4772
Acquisitions	135,608	135,608	5.1983
Disposals	<u>(231,519)</u>	<u>(231,519)</u>	<u>(5.1617)</u>
Balance at 06.30.17	1,721,233	1,721,233	3.6067

The time and maximum percentage limits of treasury shares meet the statutory limits.

On November 27, 2015 Fluidra, S.A. Temporarily suspended the liquidity contract signed with BNP Paribas, S.A. in order to carry out a program for the repurchase of shares.

This program was launched to meet the obligations of the share-based incentive plan for executives approved by the shareholders in general meeting on May 5, 2015 (Note 22).

On September 26, 2016 the maximum number of shares to be acquired under the repurchase program was reached, and therefore, on September 27 its ending was communicated and operations under the liquidity contract signed with BNP Paribas, S.A. resumed.

e) Recognized income and expense

This caption includes the currency translation differences and changes in fair value of available-for-sale financial assets, as well as gains and losses on the measurement at fair value of the hedging instrument that corresponds to the portion identified as an efficient hedge, net of tax effect, if any.

f) Dividends and limitations on the distribution of dividends

However, the Parent Company's voluntary reserves at June 30, 2017 amounting to 21,451 thousand euros, as well as the share premium and profit/(loss) for the year, are subject to the legal limitations on their distribution.

In accordance with the minutes of the Annual General Meeting of the Company held on May 3, 2017 the shareholders resolved to distribute dividends for an overall amount of 15,000 thousand euros.

g) Capital management

The Group's capital management policy applied is line with the policy described in the Group's consolidated financial statements for the year ended December 31, 2016.

On June 30, 2017, Fluidra, S.A. established a program for the issue of promissory notes that was admitted to the Fixed Income Alternative Market (MARF by its acronym in Spanish) for a maximum amount of 50 million euros. According to the program, Banco Sabadell, S.A. acts as paying agent, and the collaborating entities are Banco Sabadell, S.A. and Banca March, S.A. Additionally, Banca March, S.A. has been appointed as the registered advisor of the MARF. The purpose of this program is to diversify the Company's sources of financing, thus achieving greater flexibility in the Fluidra's Group working capital financing. Through this program, the Company will be able to issue promissory notes if circumstances so warrant. At June 30, 2017 the Company has not issued any promissory note.

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12. Earnings per share

a) Basic earnings

Basic earnings per share amounts are calculated by dividing profit / (loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the six-month period ended June 30, 2017 and 2016, excluding own shares.

The breakdown of the basic earnings per share calculation is as follows:

	<u>06.30.2017</u>	<u>12.31.2016</u>	<u>06.30.2016</u>
Profit for the period attributable to equity holders of the Parent (thousands of euros)	34,124	24,068	24,520
Weighted average number of ordinary shares outstanding	110,865,025	111,743,841	111,586,321
Basic earnings per share (euros)	<u>0.30780</u>	<u>0.21539</u>	<u>0.21974</u>

Profit for the year corresponds to the profit for the year attributable to equity holders of the Parent.

The weighted average number of ordinary shares was calculated as follows:

	<u>Number of shares</u>		
	<u>06.30.2017</u>	<u>12.31.2016</u>	<u>06.30.2016</u>
Ordinary shares outstanding at January 1	112,629,070	112,629,070	112,629,070
Effect of changes in treasury shares	(1,764,045)	(885,229)	(1,042,749)
Weighted average number of ordinary shares outstanding at June 30	<u>110,865,025</u>	<u>111,743,841</u>	<u>111,586,321</u>

b) Diluted earnings

Diluted earnings per share are calculated by adjusting profit for the year attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding for all dilutive effects inherent to potential ordinary shares. Given that there are no potential ordinary shares with dilutive effects, this calculation is not necessary.

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13. Provisions

The breakdown of "Other provisions" is as follows:

	Thousands of euros					
	06.30.2017		12.31.2016		06.30.2016	
	Non-current	Current	Non-current	Current	Non-current	Current
Guarantees	-	6,793	-	6,050	-	5,278
Provisions for taxes	4,344	-	3,830	-	3,342	-
Provisions for obligations with employees	4,536	-	4,087	-	3,904	-
Litigation and other liabilities	797	-	502	-	2,493	-
Total	<u>9,677</u>	<u>6,793</u>	<u>8,419</u>	<u>6,050</u>	<u>9,739</u>	<u>5,278</u>

The "Provisions" caption includes, on the one hand, current provisions for warranties provided to cover potential incidents related to the products sold by the Group and, on the other hand, non-current provisions that are described in the following three captions: "Provisions for taxes" recorded to cover potential risks related to tax obligations in the countries in which the Group operates; "Provisions for commitments to employees" recorded in accordance with labor legislation in some countries in which the Group operates; and "Provisions for litigation and other liabilities", which include provisions recorded by group companies in connection with contingencies arisen as a result of their activities.

14. Bank borrowings

The breakdown of this caption in the consolidated statement of financial position is as follows:

	Thousands of Euros		
	6/30/2017	12/31/2016	6/30/2016
Bank borrowings	162,061	168,786	187,582
Obligations under finance leases	5,681	6,203	5,984
Total non-current assets	<u>167,742</u>	<u>174,989</u>	<u>193,566</u>
Bank borrowings	29,517	37,322	19,421
Bank loans	50,287	35,401	62,797
Discount facilities	81	-	83
Obligations under finance leases	1,680	2,262	1,294
Total current	<u>81,565</u>	<u>74,985</u>	<u>83,595</u>
Total Bank borrowings	<u>249,307</u>	<u>249,974</u>	<u>277,161</u>

All the balances shown in the table above correspond to the financial liabilities at amortized cost category.

No new loan have been taken out during the first half of 2017.

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15. Risk management policy

The Group's risk management policies applied are in line with the policies described in the Group's consolidated financial statements for the year ended December 31, 2016 prepared in accordance with IFRS-EU.

16. Changes in inventories of finished goods and work in progress and raw materials consumables

The breakdown of this income statement caption is as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Purchase of raw and related materials	238,669	217,417
Change in inventories of raw materials, finished goods and work in progress and goods for resale	(16,755)	(25,027)
Charge to the provision for obsolescence	1,079	303
Total	<u>222,993</u>	<u>192,693</u>

17. Income from the rendering of services

This caption includes the revenue from sales transportation services and other logistic services rendered by the Group.

18. Employee benefit expenses

The breakdown of net finance costs in the nine months ended June 30, 2017 and 2016 is as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Wages and salaries	66,616	63,069
Termination benefits	1,057	745
Social security expense	13,644	13,054
Other employee welfare expenses	3,723	3,617
	<u>85,040</u>	<u>80,485</u>

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The average headcount during the six-month periods ended June 30, 2017 and 2016 by professional category is as follows:

	<u>06.30.2017</u>	<u>06.30.2016</u>
Management	92	80
Sales, logistics and production staff	3,486	3,487
Administration and purchases staff	<u>853</u>	<u>822</u>
	<u><u>4,431</u></u>	<u><u>4,389</u></u>

The breakdown of the Group's headcount at the end of the six-month periods ended June 30, 2017 and 2016 is as follows:

	<u>06.30.2017</u>	<u>06.30.2016</u>
Men	3,078	3,033
Female	<u>1,503</u>	<u>1,430</u>
	<u><u>4,581</u></u>	<u><u>4,463</u></u>

19. Other operating expenses

The breakdown of "Other costs" is as follows:

	<u>Thousands of euros</u>	
	<u>06.30.2017</u>	<u>06.30.2016</u>
Leases and fees	12,454	11,050
Repairs and maintenance	5,964	5,305
Independent professional services	6,690	5,930
Temporary employment agency expenses	4,947	3,682
Commissions	2,446	2,597
Sales transportation and logistic services	21,848	18,786
Insurance premiums	1,316	1,377
Bank services	757	682
Advertising and publicity	5,547	5,189
Utilities	4,989	4,898
Communications	1,581	1,452
Travel expenses	5,233	4,882
Taxes	1,798	1,916
Changes in trade provisions	1,449	2,581
Guarantees	2,632	2,257
Other (*)	<u>2,642</u>	<u>2,995</u>
	<u><u>82,293</u></u>	<u><u>75,579</u></u>

(*) It includes remuneration earned by the members of the Board of Directors, research and development expenses and other expenses.

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20. Financial income and expenses

The breakdown of finance income and costs is as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Finance income		
Other financial income	407	649
Gains on the fair value available-for-sale financial assets	41	16
Gains on the fair value of financial instruments	739	1,403
Total finance income	1,187	2,068
Finance cost		
Interest on debt (leasing and loans)	(2,699)	(1,890)
Interest on utilization of credit facilities and bills discounted	(947)	(1,466)
Other finance costs	(869)	(720)
Losses on the fair value of financial instruments	(527)	(1,224)
Impairment losses on available-for-sale financial assets	(440)	-
Impairment losses on financial assets at Amortized cost other than trade and other receivables	(330)	-
Total financial costs	(5,812)	(5,300)
Exchange gains/(losses)		
Exchange gains	13,104	13,939
Exchange losses	(14,047)	(13,321)
Total exchange gains / (losses)	(943)	618
Net profit / (loss)	(5,568)	(2,614)

At June 30, 2017 the "Gains on the fair value of financial instruments" caption includes 300 thousand euros corresponding to the estimate at fair value of the contingent liability derived from the acquisition of Price Chemicals Pty, Ltd. (1,000 thousand euros at June 30, 2016).

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21. Deferred taxes and Income tax

During 2017 and 2016 the Group has availed itself of the consolidated tax return scheme through four tax subgroups: Fluidra, S.A., Fluidra Services France, S.A.S., U.S. Pool Holdings Inc. and Fluidra Services Italia, S.R.L. The parent of each subgroup is the tax consolidation parent company which is responsible for the corresponding settlements to the tax authorities. The companies comprising each tax subgroup and the applicable tax rates are as follows:

<u>Fluidra, S.A. (25%)</u>	Sacopa, S.A.U.	<u>U.S. Pool Holdings, Inc. (40%)</u>
	Talleres del Agua, S.L.U.	
Fluidra Export, S.A.	Togama, S.A.U.	Fluidra USA, LLC
Cepex, S.A.U.	Trace Logistics, S.A.U.	Aquaproducts, Inc.
Fluidra Commercial, S.A.U.	Unistral Recambios, S.A.U.	Fluidra Projects USA, Inc.
Fluidra Comercial España, S.A.U.	Fluidra Engineering Services, S.L.	
Fluidra Industry, S.A.U.	Innodrip, S.L.U.	<u>Fluidra Services Italia, S.R.L. (24%)</u>
Fluidra J.V. Youli, S.L.	I.D. Electroquímica, S.L.	
Fluidra Services España, S.L.U.	Puralia Systems, S.L.U. (*)	Fluidra Commerciale Italia, S.p.a.
Industrias Mecánicas Lago, S.A.U.		Inquide Italia, S.R.L.
Fluidra Industry España, S.L.U.	<u>Fluidra Services France, S.A.S. (33.33%)</u>	
Inquide, S.A.U.		
Metalast, S.A.U.	Fluidra Commercial France, S.A.S.	
Poltank, S.A.U.	Piscines Techniques 2000, S.A.S.	
Fluidra Global Distribution, S.L.U.	Fluidra Industry France, S.A.R.L.	

(*) Companies integrated in 2017.

The Company and the rest of subsidiaries (except for Fluidra Middle East FZE, and Certikin Middle East FZE) are required to file an annual corporate income tax return.

On March 30, 2016 the Company made a capital increase through the non-monetary contribution of shares under the special tax regime set forth in Chapter VIII, Title VII of Royal Legislative Decree 4/2004, of March 5, which enacts the Revised Text of the Spanish Corporate Income Tax Law.

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to 7,790 thousand euros. However, on March 31, 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at December 31, 2006 the Company recognized a non-current deferred tax and a non-current account receivable for the above-mentioned amount. In the event that the Company generated a collection right to the contributing shareholders, the amount to be paid by the contributing shareholders will be offset with future dividends to be distributed by the Company. After the sale of shares carried out by the shareholders on October 31, 2007 due to the Company's initial public offering, the non-current deferred tax and the non-current account receivable were reduced to 1,365 thousand euros, which are included in the "Other non-current accounts receivable" caption. At June 30, 2017 and 2016 both non-current deferred tax and non-current account receivable have not shown any variation.

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The breakdown of the corporate income tax expense is as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Current tax		
for the year	10,173	8,062
Tax deductions	(551)	(405)
Adjustment in respect of prior years	(66)	448
Other	500	-
Deferred taxes		
Origination and reversal of temporary differences	(1,697)	716
Tax credit for unused tax loss carryforwards and deductions	4,775	2,506
Effect of the change in the tax rate	25	126
Total income tax expense	<u>13,159</u>	<u>11,453</u>

The reconciliation of the current income tax with the net current income tax liabilities is as follows:

	Thousands of euros		
	06.30.2017	12.31.2016	06.30.2016
Current tax	9,622	7,926	7,657
Withholdings and payments made on account during the year	(5,279)	(11,696)	(2,496)
Other	(175)	(1,306)	132
Translation differences	(25)	(22)	(22)
Additions from business combinations (Note 6)	20	-	-
Liabilities derecognized due to the sale of group companies (Note 6)	(17)	-	-
Tax payable in 2016	(6,760)	-	-
Tax payable in 2015	-	(2,761)	(728)
	<u>(2,614)</u>	<u>(7,859)</u>	<u>4,543</u>

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The relationship between the income tax expense and the profit from continuing operations is as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Profit for the year before tax from continuing operations	48,888	37,407
Profit at 25%	12,222	9,352
Effect of applying different tax rates in other countries	441	2,393
Permanent differences	553	(47)
Utilization of unrecognized loss carryforwards from prior years	(104)	(538)
Differences in the income tax expense from prior years	(66)	448
Tax deductions	(551)	(405)
Effect of the change in the tax rate	25	126
Other	639	124
Income tax expense	13,159	11,453

Deferred tax assets related to unused tax loss carryforwards and unused tax credits recorded in the consolidated financial statements of the Group at June 30, 2017 and 2016 are as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Deductions	2,860	5,093
Tax loss carryforwards	2,918	2,322
	5,778	7,415

The Group has recognized these assets since it expects to utilize them against future tax profit.

Group companies are open to inspection for all applicable taxes to which they are liable for the legal tax periods open to inspection in each country. The Group does not expect that any significant additional liabilities will arise for the companies in the event of a potential tax inspection.

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The Spanish companies are open to inspection for the following tax periods:

Tax	Open tax periods
Corporate income tax	From 2011 to 2016
Value added tax	From 2014 to 2017
Personal income tax	From 2014 to 2017
Tax on Economic Activities	From 2014 to 2017

During 2015 the tax authorities notified that verification and investigation proceeds had started for the income tax of certain companies of the Spanish Tax Group. The years being inspected for the income tax are 2010-2012. The Company's Directors consider that no additional significant contingent liabilities will arise other than those already recorded, and the additional tax payable, if any, that may derive from them would not have a significant impact on the consolidated financial statements of the Group taken as a whole.

The companies Fluidra Commerciale Italia, S.P.A., Fluidra, S.A., Fluidra Waterlinx Pty Ltd and Veico. Com. Br. are currently being inspected, though no significant liabilities are expected to arise for the Fluidra Group.

22. Related Party Balances and Transactions

The breakdown of balances receivable from and payable to related parties and associates and their main characteristics is as follows:

	Thousands of euros					
	06.30.2017		12.31.2016		06.30.2016	
	Receivable balances	Payable balances	Receivable balances	Payable balances	Receivable balances	Payable balances
Customers	593	-	436	-	636	-
Debtors	40	-	74	-	33	-
Suppliers	-	1,652	-	601	-	1,148
Creditors	-	15	-	-	-	-
Total current	633	1,667	510	601	669	1,148

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a) **Consolidated Group transactions with related parties**

Current related-party transactions correspond to the Company's normal trading activity, have been carried out on an arm's length basis and mainly include the following transactions:

- a. Purchases of finished products, purchases of spas and accessories from Iberspa, S.L. (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. And Aniol, S.L.).
- b. Lease agreements on buildings between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. And Stick Inmobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included in expenses from services.
- c. Sales of components and materials necessary produced by the Group for the manufacture of spas to Iberspa, S.L.
- d. Rendering of services by the Group to Iberspa, S.L.

The nature of the relationship with the above-mentioned related parties is the existence of significant shareholders in common.

The amounts of the consolidated Group transactions with related parties are as follows:

	Thousands of euros			
	06.30.2017		06.30.2016	
	Associates	Related parties	Associates	Related parties
Sales	261	560	265	501
Income from services	22	97	-	108
Purchases	-	(3,301)	-	(2,753)
Expenses from services and other	-	(1,439)	-	(1,507)

b) **Information on the Parent Company's Directors and the Group's key management personnel**

No advances or loans have been given to key management personnel or Directors.

The remuneration earned by key management personnel and Directors of the Company is as follows:

	Thousands of euros	
	06.30.2017	06.30.2016
Total key management personnel	876	726
Total Directors of the Parent Company	823	730

The members of the Parent Company's Board of Directors have earned 489 thousand euros in the six-month period ended June 30, 2017 (481 thousand euros in the same period of 2016) from the consolidated companies in which they act as board members. Additionally, for their executive duties, they have received 334 thousand euros in the six-month period ended June 30, 2017 (248 thousand euros in the same period of 2016). Also, the members of the Board of Directors have received 52 thousand euros compensation for travel expenses (36 thousand euros in 2016).

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The Company has taken a pension commitment to one of its senior executives consisting in an income supplement in the event of total permanent invalidity on active duty. This commitment has been externalized through a life insurance policy whereby the Company has recognized an expense of 10 thousand euros during the six-month period ended June 30, 2017 (10 thousand euros in 2016).

Additionally, the Company made a contribution of 8 thousand euros in the six-month period ended June 30, 2017 (8 thousand euros in 2016) to cover the survival, death and temporary and permanent invalidity for the aforementioned senior director.

In addition to the above-mentioned, the Group has no pension plan or life insurance policies for former or current members of the Board of Directors or key management personnel, nor has it given any guarantees on their behalf.

The Group's key management includes the executives that answer directly to the Board of Directors or senior management, as well as the internal auditor.

At the general meeting held on June 5, 2013 the shareholders approved a new stock option plan for the CEO and the members of the executive team who belong to the Group's Executive Committee.

The plan is implemented through two instruments:

- a) Part of the incentive is implemented through the granting of a certain number of restricted stock units (RSUs), which will be settled in shares once a certain period of time has elapsed.
- b) The other part of the incentive is implemented through the granting of share appreciation rights (SARs) settled in shares once a certain period of time has elapsed and once the Company's shares have increased in value in the reference period.

The plan consists of three cycles, each one of them covering a 3-year period. The grant dates for each cycle are: July 15, 2013, July 15, 2014 and July 15, 2015, ending on July 15, 2016, July 15, 2017 and July 15, 2018, respectively.

The RSUs and SARs are free and non-transferable, and grant their holders the option of receiving Company shares. Provided that the RSUs and SARs are not converted into Company shares they do not confer their holders the nature of Company shareholders, and do not grant the beneficiaries the right to receive more RSUs and/or SARs in the future, since this is a one-off event that does not consolidate or guarantee future granting of RSUs and/or SARs.

The maximum number of RSUS that can be granted under the Plan is 300,000.

The maximum number of SARs that will be taken as a reference for establishing the variable remuneration to be paid to the beneficiaries will be 900,000.

At the general meeting held on May 5, 2015 the shareholders approved the cancellation and early termination of the third cycle of the share-based payment plan for Fluidra Group executives in force until that date in accordance with its renewal on June 5, 2013. This cancellation agreement does not affect the cycles granted prior to the adoption of this agreement, the agreements for which will remain in force under the terms and conditions prevailing to date.

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At June 30, 2017 an increase in equity for this item amounting to 38 thousand euros was recorded (182 thousand euros at June 30, 2016). The best estimate of the fair value of the whole Plan amounts to approximately 420 thousand euros. The fair value of the first cycle granted on July 15, 2013 amounts to 195 thousand euros and the fair value of the second cycle granted on July 15, 2014 amounts to 225 thousand euros.

In 2016 the settlement of this plan to the beneficiaries amounted to 76,642 shares, which are equivalent to 287 thousand euros.

On January 8, 2016, due to the termination of the contract with one of the plan beneficiaries, it was resolved to settle 22,176 shares, which were equivalent to 71 thousand euros (15,508 shares equivalent to 50 thousand euros corresponding to the first cycle, and 6,667 shares equivalent to 21 thousand euros corresponding to the second cycle).

At the general meeting held on May 5, 2015 the shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group.

The new plan is implemented through the granting of a certain number of performance share units (PSUs), which will be settled in Company shares once a certain period of time has elapsed. 25% of these PSUs may be directly converted into shares once certain length-of-services requirements are met. The remaining 75% may be converted subject to the following financial objectives: 50% are subject to the evolution of the quotation of Fluidra shares, and 50% to the evolution of the EBITDA of Fluidra or the EBIT of the Fluidra subsidiary for which the beneficiary is responsible.

The maximum number of PSUs to be granted under the new plan amounts to 1,672,615, without prejudice to the inclusion of new executives to this plan with a maximum limit of 2,161,920 shares.

At June 30, 2017 an increase in equity for this item amounting to 565 thousand euros was recorded (452 thousand euros at June 30, 2016). The best estimate of the fair value of the whole Plan amounts to approximately 3,347 thousand euros.

The new plan started on January 1, 2015 and will end on December 31, 2018, although effective settlement will occur during January 2019.

c) Transactions performed by the Directors of the Parent Company outside of its ordinary course of business or other than on an arm's length basis

During the six-month period ended June 30, 2017 and 2016 the Directors of the Parent Company have not carried out any transactions with the Company or with group companies other than those conducted on an arm's length basis in the normal course of business.

d) Situations representing a conflict of interest for the Directors of the Parent Company.

Neither the Company's directors nor any persons related to them were party to any conflicts of interest requiring disclosure in these notes pursuant to the provisions of article 229 of the consolidated text of the Corporate Enterprises Act.

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23. Other commitments and contingencies

At June 30, 2017 and 2016 the Group has not presented any mortgage guarantees.

At June 30, 2017, the Group has guarantees from financial institutions and other companies amounting to 5,906 thousand euros (5,778 thousand euros in 2016).

At the general meeting held on June 5, 2013 the shareholders approved a stock option plan for the CEO and the members of the executive team who belong to the Group's Executive Committee (Note 22).

At the general meeting held on May 5, 2015 the shareholders approved the cancellation and early termination of the third cycle of the share-based payment plan for Fluidra Group executives in force until that date in accordance with its renewal on June 5, 2013. This cancellation agreement does not affect the cycles granted prior to the adoption of this agreement, the agreements for which will remain in force under the terms and conditions prevailing to date (Note 22).

Also at said general meeting the shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group (Note 22).

24. EBITDA

The consolidated income statement shows the amount corresponding to EBITDA, whose definition for the purpose of these financial statements is as follows:

Sales of goods and finished products + Income from services rendered (see Note 17) + Work performed by the Group for its own non-current assets + Profit from sales of fixed assets – Change in inventories of finished products and work in progress and consumables of raw materials– Employee benefits expense – Other operating expenses + Share in profit/(loss) for the year from associates accounted for using the equity method.

Calculation of EBITDA 2017 and 2016	Thousands of euros	
	06.30.2017	06.30.2016
Sales of goods and finished products	452,498	397,218
Income from services rendered	8,076	7,449
Work performed by the Group and capitalized as non-current assets	2,642	2,373
Profit from sales of fixed assets	1,476	142
Change in inventories of finished goods and work in progress and raw materials consumables	(222,993)	(192,693)
Employee benefits expense	(85,040)	(80,485)
Other operating expenses	(82,293)	(75,579)
Share in profit/(loss) for the year from associates accounted for using the equity method	11	17
EBITDA	74,377	58,442

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25. Subsequent events

On July 6, 2017 the acquisition of Agrisilos SRL was signed. This company manufactures and markets above ground pools under the trademark Laghetto. An initial amount of 1,800 thousand euros was paid for the acquisition of 90% of the company and contingent amounts were established mainly subject to the results that the acquired business obtains during 2017 and the sales recorded in 2018. The Group has estimated an amount of 1,350 thousand euros related to this contingent consideration at the date of acquisition.

As a result of this acquisition, the Group has entered into a commitment for the purchase of the remaining 10% of the company from its minority shareholder to be executed in 2020. The purchase price is mainly subject to the results/sales that the business acquired will obtain during 2018 and 2019.

On July 11, 2017, in accordance with the agreements for the issue and admission to the Fixed Income Alternative Market promissory notes amounting to 15,000 thousand euros maturing within 3 months have been awarded.

On July 27, 2017 Fluidra signed a contract for the purchase of 80% of the start-up Riioot Labs, inventors of the smart device "Blue by Riioot", innovative remote control technology for pool maintenance. Additionally, an earnout was agreed on, which will be accrued based on the devices marketed during the next three years.

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In accordance with art. 12 of R.D. 1362/2007 on July 27, 2017 the Board of Directors of Fluidra, S.A. approved for issue the interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (which comprise the interim condensed consolidated statements of financial position, the interim condensed consolidated income statements, the interim condensed consolidated statements of comprehensive income, the interim condensed consolidated statements of changes in equity, the interim condensed consolidated cash flow statements and the notes to the interim condensed consolidated financial statements) for the six-month periods ended June 30, 2017 and 2016. In witness whereof, they are hereby signed on this sheet, by all the members of the Board of Directors, as well as by the secretary of the Board, Mr. Albert Collado Armengol, on each of the sheets composing the aforementioned documents for identification purposes.

Mr. Eloy Planes Corts

Mr. Oscar Serra Duffo

Mr. Bernardo Corbera Serra

Dispur, S.L.
Mrs. Eulalia Planes Corts

Aniol, S.L.
Mr. Bernat Garrigós Castro

Mr. Richard Cathcart

Mr. Juan Ignacio Acha-Orbea Echeverría

Mr. Gabriel López Escobar

Mr. Jorge Valentín Constans Fernández

FLUIDRA, S.A.
AND SUBSIDIARIES

Detail of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

Subsidiaries, accounted for using the full consolidation method

- Agro-Cepex, S.A.R.L., domiciled Casablanca (Morocco), is mainly engaged in the marketing of fluid handling products.
- AO Astral SNG, domiciled in Moscow (Russia), is mainly engaged in the purchase of pool materials for subsequent sale in the Russian market.
- AP Immobiliere, domiciled in Perpignan (France), is engaged in property development and lease.
- Aqua Products Inc. domiciled in New Jersey (USA), is mainly engaged in the manufacture and distribution of electronic pool cleaners for public and private pools.
- Aquatron Robotic Technology, Ltd, domiciled in Afula (Israel), is mainly engaged in the manufacture and distribution of electronic pool cleaners for public and private pools.
- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Praha-Vychod (Czech Republic), is mainly engaged in the marketing of pool accessories.
- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.
- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.
- Astralpool Hongkong, CO., Limited, domiciled in HongKong (HongKong), is mainly engaged in the marketing of pool-related accessories.
- Astral Pool México, S.A. de C.V., domiciled in Tlaquepaque (Mexico), is mainly engaged in the marketing of pool material.
- Astral Pool Switzerland, S.A., domiciled in Bedano (Switzerland) is mainly engaged in the marketing of pool material.
- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.
- Astralpool UK Limited., domiciled in Hants (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Astramatic Malaysia SDN. BHD domiciled in Johor (Malaysia) is mainly engaged in the marketing of pool material.
- Cepex Mexico, S.A. de CV., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.
- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.
- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.
- Certikin Middle East FZE, domiciled in Dubai (United Arab Emirates), is mainly engaged in the marketing of fluid handling products.

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- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.
- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.
- Fluidra Assistance, S.A.S, domiciled in Perpignan (France), is engaged in the installation, assembly and operation of all products and materials related to pools and water treatment, as well as after-sale services, maintenance and installation of these products and materials.
- Fluidra Australia PTY LTD), domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. This company is the parent of the Australia Group, and fully owns Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd. (dormant), and Rolachem Pty Ltd. (dormant), in addition to Astral Pool Australia Pty Ltd.
- Fluidra Balkans JSC, domiciled in Plovdiv (Bulgaria) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Belgique, S.R.L., domiciled in Carcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Brasil Indústria e Comércio LTDA, domiciled in Jardim Sao Luis (Brazil), is mainly engaged in the marketing, import, export and distribution of equipment, products and services for fluid handling, irrigation, swimming-pools and water treatment, as either partner or shareholder in other companies. Rendering of technical assistance services for machines, filters and industrial and electrical and electronic equipment. Rental of machines and industrial and/or electrical and electronic equipment.
- Fluidra Chile, S.A., domiciled in Santiago de Chile (Chile), is mainly engaged in the distribution and marketing of swimming-pool, irrigation and water treatment and purification products.
- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.

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of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Comercial España, S.A.U., domiciled in Polinyà (Barcelona), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification. This company is the parent of the F.C.España group, and holds a 67.5% interest in the company Tecnical Pool Service, S.L.
- Fluidra Commerciale Italia, S.P.A., domiciled in Brescia (Italy) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
 - Fluidra Commercial, S.A.U., domiciled in Sabadell (Barcelona) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Danmark A/S, domiciled in Roedekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.
- Fluidra Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona) is engaged in the rendering of advisory services for group companies.
- Fluidra Export, S.A.U., domiciled in Polinyà (Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.
- Fluidra Global Distribution, S.L.U., domiciled in Polinyà (Barcelona), is engaged in the purchase and sale of all types of swimming-pool products and their distribution to group companies.
- Fluidra Hellas, domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.
- Fluidra Holdings South Africa Pty Ltd, domiciled in Johannesburg (South Africa) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Indonesia PT, domiciled in Jakarta (Indonesia) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.
- Fluidra Industry España, S.A.U., domiciled in Sabadell (Barcelona) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Industry France, S.A.R.L., domiciled in Perpignan (France), is engaged in the manufacture of automatic pool covers.

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Detail of the corporate name and purpose
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- Fluidra Industry, S.A.U., domiciled in Sabadell (Barcelona) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra JV Youli, S.L.U. domiciled in Sabadell (Barcelona), is engaged in the administration, management and operation of its interest in the share capital of the Chinese company Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.
- Fluidra Kazakhstan Limited Liability Company, domiciled in Almaty City (Kazakhstan), is engaged in the purchase of swimming-pool material for subsequent sale in the domestic market.
- Fluidra Magyarország, Kft, domiciled in Budapest (Hungary), is mainly engaged in the marketing and assembly of machinery and accessories for swimming-pools, irrigation and water treatment and purification.
- Fluidra Malaysia SDN.BHD, domiciled in Johor (Malaysia) is mainly engaged in the marketing of swimming-pool material.
- Fluidra Maroc, S.A.R.L., domiciled in Casablanca (Morocco), is engaged in the import, export, manufacture, marketing, sale and distribution of spare parts for swimming-pools, irrigation and water treatment.
- Fluidra México, S.A. DE CV, domiciled in Mexico City (Mexico) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.
- Fluidra Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.
- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.
- Fluidra Österreich GmbH "SSA", domiciled in Salzburg (Austria) is mainly engaged in the marketing of swimming-pool products.
- Fluidra Polska, SP. Z.O.O., domiciled in Wroclaw (Poland) is mainly engaged in the marketing of pool accessories.
- Fluidra Comercial Portugal Unipessoal, Lda. (formerly Fluidra Portugal, Lda Unipessoal (merged with Certikin Portugal, Lda.), domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Projects USA Inc. domiciled in Wilmington (USA), is engaged in the management, advice and performance of sports, leisure and health centers projects and works, through its own technical, personnel and organizational means or through third-party subcontracting.
- Fluidra Romania S.A., domiciled in Bucharest (Romania) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.
- Fluidra Serbica, D.O.O. Beograd, domiciled in Belgrade (Serbia) is mainly engaged in the marketing of swimming-pool material.
- Fluidra Services España, S.L.U., domiciled in Granollers (Spain), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

FLUIDRA, S.A.
AND SUBSIDIARIES

Detail of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Services France, S.A.S., domiciled in Perpignan (France), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.
 - Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services and real estate activity.
 - Fluidra Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.
 - Fluidra South Africa (Pty), Ltd, domiciled in Eastgate (Sandton), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, water treatment and fluid handling.
- Fluidra Nordic AB (formerly Fluidra Sverige AB), domiciled in Mölndal (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.
- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.
 - Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Kartal (Turkey), is engaged in the import of equipment, chemical products and other secondary materials necessary for swimming-pools, and their subsequent distribution.
 - Fluidra USA, INC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.
 - Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam) is engaged in advising, allocating and installing pool filtering systems and water applications, as well as the import, export and distribution of wholesale and retail products.
 - Fluidra Waterlinx Pty, Ltd (formerly Waterlinx Pty, Ltd), domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories. This company is the parent of the Waterlinx Group, and fully owns the companies Waterlinx International Pty Ltd, and Waterlinx Industrial and Irrigation Pty Ltd.
 - Fluidra Youli Fluid Systems (Wenzhou) Co., LTD, domiciled in Luishi Town, Yueqing City (China), is mainly engaged in the development, production and sale of fluid handling products.
 - I.D. Electroquímica, S.L., domiciled in Alicante, is engaged in the sale of all types of process development machines and eletrochemical reactors.
 - Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.
 - Innodrip, S.L.U., domiciled in Las Franqueses del Vallés (Spain) is engaged in the rendering of services aimed at the sustainable use of water.
 - Inquide Italia, S.R.L., domiciled in Bedizzole (Brescia, Italy), is mainly engaged in marketing of chemical products for water disinfection.
 - Inquide, S.A.U., domiciled in Polinyà (Barcelona), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.

FLUIDRA, S.A.
AND SUBSIDIARIES

Detail of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Loitech (Ningbo) Heating Equipment Co, Ltd, domiciled in Zhenhai (China), is engaged in the production and installation of heat pumps for swimming-pools, as well as other accessories necessary for the assembly.
- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.
- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.
- Metalast, S.A.U., domiciled in Polinyà (Barcelona), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.
- Ningbo Dongchuan Swimming Pool Equipments Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminum products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.
- Ningbo Linya Swimming Pool & Water Treatment Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.
- Piscines Techniques 2000, S.A.S., domiciled in Perpignan (France), is engaged in the sale of spare parts for swimming-pools; the purchase and sale of swimming-pool equipment and used water systems; the sale, distribution, marketing, repair and maintenance of swimming-pool equipment, gardening, irrigation and water treatment; and technical advice to swimming-pool and water professionals.
- Poltank, S.A.U., domiciled in Sant Jaume de Llierca (Girona), is engaged in the manufacture and marketing of swimming-pools filters by injection, projection and lamination.
- Poolweb, SAS, domiciled in Lyon (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the filed and creation and sale of computer programs related to the above activities.
- Price Chemicals PTY LTD, domiciled in Melbourne (Australia) is engaged in the production and distribution of chemical products for swimming-pools and spas. It imports and locally produces its own brands of renowned chemical products in both the residential and commercial markets.
- Pro Cepex, S.R.L., domiciled Casablanca (Morocco), is mainly engaged in the marketing of fluid handling products.
- Productes Elastomers, S.A., domiciled in Sant Joan Les Fonts (Girona), is engaged in the manufacture of rubber molded parts, as well as all types of natural and synthetic rubber; the execution and development of techniques for the maintenance of pressure rollers; their repair and trueing; and in general, the production, manufacture and processing of all types of rubber and plastic products.
- Puralia Systems, S.L.U., domiciled in Cervelló (Barcelona), is engaged in the marketing of machinery, materials, tools and accessories for water installations and treatment.

FLUIDRA, S.A.
AND SUBSIDIARIES

Detail of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.
- SIBO Fluidra Netherlands B.V., domiciled in Veghel (the Netherlands), is engaged in the manufacture and distribution of natural pools and water installations.
- Splash Water Traders Pvt. Ltd, domiciled in Chennai (India) is mainly engaged in the marketing of swimming-pool material.
- Talleres del Agua, S.L.U., domiciled in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria), is engaged in the building, sale, installation, air-conditioning and maintenance of swimming-pools, as well as the manufacture, purchase and sale, import and export of all types of swimming-pool tools.
- Togama, S.A.U., domiciled in Villareal (Castellón), is engaged in the manufacture of ceramic for electric installations.
- Trace Logistics France, S.A.S., domiciled in Perpignan (France) is engaged in the rendering of commercial and industrial product storage and distribution services, as well as all types of activities that contribute to the performance and expansion of its activity.
- Trace Logistics, S.A.U., domiciled in Maçanet de la Selva (Girona), is engaged in receiving third-party goods in consignment in its warehouses or premises for their storage, control and distribution to third parties at the request of its depositors; performing storage, loading and unloading duties and other supplementary activities that are necessary for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.
- Turcat Polyester Sanayi Ve Ticaret A.S., domiciled in Istanbul (Turkey), is engaged in the production, import, export and marketing of products and accessories, purification filters and chemical products.
- Unistral Recambios, S.A.U., domiciled in Maçanet de la Selva (Girona), is engaged in the manufacture, purchase and sale and distribution of machinery, accessories, spare parts, parts and products for water treatment and purification in general.
- U.S. - Pool Holdings, Inc, domiciled in Delaware (USA), is engaged in the holding and use of equity shares and securities.
- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.
- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd., domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.

Associates, consolidated using the equity method

- Astral Nigeria, Ltd., domiciled in Surulere-Lagos (Nigeria), is engaged in the marketing of swimming-pool products.

Fluidra, S.A. and Subsidiaries

Subsidiaries
June 30, 2017

% Ownership interest	
Direct	Indirect

List of subsidiaries, accounted for using the full consolidation method

FLUIDRA COMMERCIAL, S.A.U.	100%	
AGRO-CEPEX, S.A.R.L.	100%	
AO ASTRAL SNG	90%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	100%	
ASTRAL INDIA PRIVATE, LIMITED	100%	
SPLASH WATER TRADERS PVT. LTD	100%	
ASTRALPOOL CYPRUS, LTD	90%	
ASTRALPOOL HONGKONG, CO., LIMITED	100%	
ASTRAL POOL MEXICO, S.A. DE C.V.	93.83%	
ASTRAL POOL SWITZERLAND, S.A.	100%	
ASTRALPOOL UK LIMITED	100%	
CEPEX MEXICO, S.A. DE C.V.	100%	
CERTIKIN INTERNATIONAL, LIMITED	100%	
CERTIKIN MIDDLE EAST FZE	100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED	100%	
FLUIDRA ADRIATIC D.O.O.	60%	
FLUIDRA AUSTRALIA PTY LTD	100%	(2)
PRICE CHEMICALS PTY LTD	100%	
FLUIDRA BALKANS JSC	66.67%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA	80%	
VEICO . COM. BR INDÚSTRIA E COMÉRCIO LTDA	80%	
FLUIDRA CHILE, S.A.	100%	
FLUIDRA COLOMBIA, S.A.S	100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.	100%	(2)
FLUIDRA DANMARK A/S	100%	
FLUIDRA DEUTSCHLAND GmbH	100%	
FLUIDRA EGYPT, Egyptian Limited Liability Company	90%	
W.I.T. EGYPT, Egyptian Limited Liability Company	89.91%	
FLUIDRA ENGINEERING SERVICES, S.L.U.	100%	
FLUIDRA EXPORT, S.A.U.	100%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.	100%	
FLUIDRA HELLAS, S.A.	96.96%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD	75%	(3) - 100%
FLUIDRA WATERLINX PTY, LTD	75%	(3) - 100% / (2)
FLUIDRA INDONESIA PT.	100%	
FLUIDRA JV YOULI, S.L.U.	100%	
FLUIDRA YOULI FLUID SYSTEMS (WENZHOU) CO, LTD	70%	
FLUIDRA KAZAKHSTAN Limited Liability Company	60%	
FLUIDRA MAGYARORSZÁG Kft.	95%	
FLUIDRA MALAYSIA SDN.BHD.	100%	
FLUIDRA MAROC, S.A.R.L.	100%	
FLUIDRA MEXICO, S.A. DE C.V.	100%	
FLUIDRA MIDDLE EAST FZE	100%	
FLUIDRA AL URDOUN FZ	70%	
FLUIDRA MONTENEGRO DOO	60%	
FLUIDRA ÖSTERREICH GmbH "SSA"	95%	
FLUIDRA POLSKA, SP. Z.O.O.	100%	

FLUIDRA, S.A.
AND SUBSIDIARIES

Detail of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

FLUIDRA COMERCIAL PORTUGAL UNIPessoal, LDA.	100%	Formerly Fluidra Portugal, Lda Unipessoal / Merged with Certikin Portugal, Lda.
FLUIDRA ROMANIA S.A.	66.66%	
FLUIDRA SERBICA, D.O.O. BEOGRAD	60%	
FLUIDRA SERVICES ITALIA, S.R.L.	91%	
FLUIDRA COMMERCIALE ITALIA, S.P.A.	91%	
INQUIDE ITALIA, S.R.L.	91%	
FLUIDRA SINGAPORE, PTE LTD	100%	
FLUIDRA SOUTH AFRICA (PTY) LTD	100%	
FLUIDRA NORDIC AB	100%	
FLUIDRA (THAILAND) CO, LTD	100%	
ASTRALPOOL (THAILAND) CO., LTD	99%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	25.50%	
FLUIDRA VIETNAM LTD	100%	
PRO CEPEX, S.R.L.	100%	
SIBO FLUIDRA NETHERLANDS B.V.	70%	(3) - 100%
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd	100%	
FLUIDRA INDUSTRY S.A.U.	100%	
AP IMMOBILIERE	100%	
AQUATRON ROBOTIC TECHNOLOGY LTD	100%	
FLUIDRA INDUSTRY ESPAÑA, S.A.U.	100%	
CEPEX S.A.U.	100%	
METALAST, S.A.U.	100%	
ASTRAMATIC MALAYSIA SDN. BHD	99.9%	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD	100%	
POLTANK, S.A.U.	100%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	50%	
SACOPA, S.A.U.	100%	
I.D. ELECTROQUÍMICA, S.L.	78.82%	(3) - 100%
INDUSTRIAS MECANICAS LAGO, S.A.U.	100%	
INQUIDE, S.A.U.	100%	
LOITECH (NINGBO) HEATING EQUIPMENT CO., Ltd	100%	
NINGBO DONGCHUAN SWIMMING POOL EQUIPEMENTS CO., LTD	70%	
PRODUCTES ELASTOMERS, S.A.	70%	
PURALIA SYSTEMS, S.L.U.	100%	(5)
TALLERES DEL AGUA, S.L.U.	100%	
TOGAMA, S.A.U.	100%	
UNISTRAL RECAMBIOS, S.A.U.	100%	
U.S. POOL HOLDINGS, INC	100%	
AQUA PRODUCTS INC	100%	
FLUIDRA USA, INC	100%	
FLUIDRA PROJECTS USA INC	100%	
MANUFACTURAS GRE, S.A.U.	100%	
ME 2000, S.R.L.	100%	

Fluidra, S.A. and Subsidiaries

Subsidiaries
June 30, 2017

FLUIDRA SERVICES FRANCE, S.A.S.	100%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		100%
FLUIDRA ASSISTANCE, S.A.S.		100% (5)
FLUIDRA BELGIQUE, S.R.L.		100%
POOLWEB S.A.S.		100% (4)
FLUIDRA INDUSTRY FRANCE, S.A.R.L.		100%
PISCINES TECHNIQUES 2000, S.A.S.		100%
TRACE LOGISTICS, S.A.U.	100%	
TRACE LOGISTICS FRANCE, S.A.S.		100%
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%	
INNODRIP, S.L.U	100%	

List of associates, consolidated using the equity method

ASTRAL NIGERIA, LTD.		25% (1)
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List of companies consolidated at cost

DISCOVERPOOLS COM, INC.		11% (1)
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(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Fluidra Australia Pty Ltd is a group of companies in which the parent fully owns the companies Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, Rolachem Australia Pty Ltd and Hendy Manufacturing Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent fully owns the company Ideal Pool Innovations, S.L.U. and holds an ownership interest of 67.5% in the company Tecnical Pool Service, S.L. Fluidra Waterlinx Pty Ltd is a group of companies in which the parent fully owns the companies Waterlinx International Pty Ltd, and Waterlinx Industrial And Irrigation Pty Ltd.

(3) Companies that have been fully integrated in the interim consolidated financial statements and the book value of their non-controlling interest has no longer been recognized.

(4) Companies acquired during the current year (Note 6).

(5) Newly-incorporated companies.

(6) During the current year the company Aplicaciones Técnicas Hidráulicas, S.L.U. has been sold. (Note 6).

Fluidra, S.A. and Subsidiaries

Detail of segment results
for the six-month period ended June 30, 2017
(Thousands of euros)

	EUROPE	EXPANSION	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	06.30.2017	06.30.2017	06.30.2017	06.30.2017	06.30.2017	06.30.2017
Sales to third parties	274,187	129,640	48,607	64	-	452,498
Sales to third parties in Spain	81,263	142	16,065	-	-	97,470
Sales to third parties in France	68,645	-	8,272	-	-	76,917
Inter-segment sales	8,633	10,142	212,236	-	(231,011)	-
Segment sales of goods and finished products	282,820	139,782	260,843	64	(231,011)	452,498
Income from services rendered, work performed by the Group for its own non-current assets and profit from the sale of fixed assets	4,524	1,138	3,643	1,218	195	10,718
Amortization and depreciation expenses and impairment losses	(1,387)	(2,578)	(8,352)	(3,026)	(4,578)	(19,921)
Operating profit/(loss) from reporting segments	32,854	6,629	35,247	(10,084)	(10,201)	54,445
Finance income	352	362	367	3,280	(3,174)	1,187
Finance cost	(1,078)	(1,694)	(466)	(6,026)	3,452	(5,812)
Exchange gains/(losses)	79	(943)	(659)	571	9	(943)
Share in profit/(loss) of associates	-	-	-	-	11	11
Profit before tax	32,207	4,354	34,489	(12,259)	(9,903)	48,888
Income tax income/(expense)	(8,711)	(815)	(6,927)	444	2,850	(13,159)
Profit for the year from continuing operations	23,496	3,539	27,562	(11,815)	(7,053)	35,729
EBITDA	34,241	9,207	43,599	(7,058)	(5,612)	74,377
Other significant non-monetary items before tax:	(192)	(60)	(133)	5,799	(1,752)	3,662

This appendix is an integral part of Note 4 to the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month periods ended June 30, 2017 and 2016 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Detail of segment results
for the six-month period ended June 30, 2016
(Thousands of euros)

	EUROPE	EXPANSION	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	06.30.2016	06.30.2016	06.30.2016	06.30.2016	06.30.2016	06.30.2016
Sales to third parties	241,612	112,468	43,108	30	-	397,218
Sales to third parties in Spain	78,546	301	14,078	-	-	92,925
Sales to third parties in France	58,024	-	8,911	-	-	66,935
Inter-segment sales	7,772	9,549	159,895	105	(177,321)	-
Segment sales of goods and finished products	249,384	122,017	203,003	135	(177,321)	397,218
Income from services rendered, work performed by the Group for its own non-current assets and profit from the sale of fixed assets	4,175	1,187	3,160	692	608	9,822
Amortization and depreciation expenses and impairment losses	(1,388)	(3,224)	(8,349)	(2,293)	(3,167)	(18,421)
Operating profit/(loss) from reporting segments	25,349	1,318	29,653	(9,842)	(6,474)	40,004
Finance income	574	283	392	3,921	(3,102)	2,068
Finance cost	(371)	(1,684)	(368)	(6,932)	4,055	(5,300)
Exchange gains/(losses)	(85)	117	33	683	(130)	618
Share in profit/(loss) of associates	-	-	-	-	17	17
Profit before tax	25,467	34	29,710	(12,170)	(5,634)	37,407
Income tax income/(expense)	(6,907)	(1,004)	(6,071)	3,446	(917)	(11,453)
Profit for the year from continuing operations	18,560	(970)	23,639	(8,724)	(6,551)	25,954
EBITDA	26,738	4,543	38,002	(7,550)	(3,291)	58,442
Other significant non-monetary items before tax:	(1,225)	(2,797)	(465)	61	(111)	(4,537)

This appendix is an integral part of Note 4 to the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month periods ended June 30, 2017 and 2016 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Detail of segment assets and liabilities
for the six-month period ended June 30, 2017
(Thousands of euros)

	EUROPE	EXPANSION	OPERATIONS	Shared services	Unallocated	Eliminations	Total consolidated figures
	06.30.2017	06.30.2017	06.30.2017	06.30.2017	06.30.2017	06.30.2017	06.30.2017
Assets							
Total non-current assets Spain	6,764	4	52,944	29,230	854,496	-	943,438
Total non-current assets Other countries	11,544	27,153	22,945	516	77,791	-	139,949
Total non-current assets Eliminated	-	-	-	-	-	(724,500)	(724,500)
Total non-current assets	18,308	27,157	75,889	29,746	932,287	(724,500)	358,887
Current operating assets ¹	212,400	145,810	221,021	58,896	-	(194,517)	443,610
Current operating liabilities ²	119,823	83,997	115,879	52,924	-	(181,929)	190,694
Net working capital	92,577	61,813	105,142	5,972	-	(12,588)	252,916
Current non-operating assets	-	-	-	-	328,940	(274,293)	54,647
Current non-operating liabilities	-	-	-	-	364,847	(275,787)	89,060
Total current assets	212,400	145,810	221,021	58,896	328,940	(468,810)	498,257
Total current liabilities	119,823	83,997	115,879	52,924	364,847	(457,716)	279,754
Total non-current liabilities	-	-	-	-	359,276	(134,372)	224,904
Additions of non-current assets other than financial instruments and deferred tax assets	1,234	1,476	6,037	3,966	-	-	12,713

¹ Defined as inventories and trade and other receivables

² Defined as trade and other payables

This appendix is an integral part of Note 4 to the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month periods ended June 30, 2017 and 2016 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Detail of segment assets and liabilities
for the six-month period ended June 30, 2016
(Thousands of euros)

	EUROPE	EXPANSION	OPERATIONS	Shared services	Unallocated	Eliminations	Total consolidated figures
	06.30.2016	06.30.2016	06.30.2016	06.30.2016	06.30.2016	06.30.2016	06.30.2016
Assets							
Total non-current assets Spain	7,309	7	55,082	27,211	935,832	-	1,025,441
Total non-current assets Other countries	10,318	47,026	26,804	657	84,525	-	169,330
Total non-current assets Eliminated	-	-	-	-	-	(823,219)	(823,219)
Total non-current assets	17,627	47,033	81,886	27,868	1,020,357	(823,219)	371,552
Current operating assets ¹	201,160	132,157	211,319	56,297	-	(190,939)	409,994
Current operating liabilities ²	125,687	80,095	100,468	49,554	-	(178,786)	177,018
Net working capital	75,473	52,062	110,851	6,743	-	(12,153)	232,976
Current non-operating assets	-	-	-	-	329,787	(266,951)	62,836
Current non-operating liabilities	-	-	-	-	357,729	(268,256)	89,473
Total current assets	201,160	132,157	211,319	56,297	329,787	(457,890)	472,830
Total current liabilities	125,687	80,095	100,468	49,554	357,729	(447,042)	266,491
Total non-current liabilities	-	-	-	-	427,017	(187,589)	239,428
Additions of non-current assets other than financial instruments and deferred tax assets	878	4,206	6,373	4,261	-	-	15,718

¹ Defined as inventories and trade and other receivables

² Defined as trade and other payables

This appendix is an integral part of Note 4 to the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month periods ended June 30, 2017 and 2016 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries
Interim Consolidated Management Report
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General business evolution

The Group's turnover in the first half of 2017 has increased by 13.9% in comparison with the prior year. Excluding the effect of the currency translation to euros, which has been favorable, it would have increased by 13.2%. This growth is mainly due to organic growth of 12.2% (11.5% at a constant exchange rate). Note should be taken of the exclusions from the scope of consolidation (Calderería Plástica del Norte, S.L. and Aplicaciones Técnicas Hidráulicas, S.L.U.), which have had a negative impact of -7.9 million euros, and the effect of the acquisitions of Poolweb, S.A.S., and Sibó Fluidra Netherlands B.V., carried out in the second half of the prior year, with sales of 16.1 million euros in the first half of the year.

All this has marked a good start in our performance this year.

By quarters, sales have increased by 17.1% during the first quarter, of which 15.7% correspond to organic growth (14.8% at a constant exchange rate, of which 13.4 is organic), whereas during the second quarter sales have increased by 11.9%, of which 9.9% correspond to organic growth (+10.2% at a constant exchange rate, of which 7.6% is organic).

As for the performance of sales by geographic areas, solid growth should be noted in the Spanish market (+4.9%). The evolution of the French market (+14.9%) is affected by the good performance of sales of above ground wooden swimming-pools, as well as a solid performance of private pools. In the other markets, Central Europe markets show solid growth (+19.2% at a constant exchange rate) partly due to the acquisition of Sibó Fluidra Netherlands B.V. and with an impact of pound sterling to euros translation of 3 percentage points. Australia, Asia and North America markets have grown by 14.5%, 22.7% (mainly due to the public pool projects in the region) and 18.4%, respectively.

As a result of all this, we can conclude that the evolution of turnover has been highly positive in all European markets, showing an excellent performance in Asia, Australia and North America.

In the evolution of turnover by business unit, the good performance of Pool&Wellness (15.5%) should be noted fostered by the good performance of almost all markets, and by the acquisition of Sibó Fluidra Netherlands B.V. In Pool&Wellness, both Residential Pools, increasing by 15.8%, and public pools, increasing by 19.5% (partly due to projects in Asia) show solid performance. Irrigation (+14.2%) shows a favorable evolution and Water Treatment in homes (-52.7%) has been impacted by the sale of Aplicaciones Técnicas Hidráulicas, S.L.U.

Gross margin has been slightly reduced from 51.5% in the prior year to 50.7% in the current year. This has been mainly due to the lower proportion of finished product at half year end in comparison with prior year, while industrial gross margin (Gross margin less industrial manufacturing expenses) have remained stable.

Operating expenses have decreased from 7.1% to 5.9% at a constant exchange rate (sum of employee benefits expense and other operating expenses net of income from the rendering of services and work performed for non-current assets and before change in trade provisions). This increase is highly lower than the increase in sales and is due to the operating leverage of fixed costs, a percentage reduction of industrial expenses and percentage maintenance of variable expenses related to the sale. Additionally, the gains obtained in the sale of Aplicaciones Técnicas Hidráulicas, S.L.U. amounting to 1.5 million euros are recorded in this caption. Excluding this effect, operating expenses would have increased by 8.1% (6.9% at a constant exchange rate).

Bad debts provisions have significantly decreased from 2.6 million euros in the prior year to 1.5 million euros in the current year, with a very favorable performance of the main markets in which the company operates and a negative impact of some clients in the Middle East and Australia.

As a result of this evolution, EBITDA has increased from 58.4 million euros in the first half of the prior year to 74.4 million in the current year, which means a 27.3% increase, almost twice as high as the increase in sales. Should EBITDA from the changes in the scope be isolated, the evolution would have been an increase of 24.9%, twice as high as the organic growth in sales (12.2%).

Financial cost has increased from -2.6 million euros in 2016 to -5.6 million euros in 2017. It should be noted that the reestimate of the contingent liability from the acquisition of Price Chemicals Pty Ltd by 1 million euros and exchange gains of 0.6 million euros had a positive impact on 2016. During the current year, exchange losses amounting to 0.9 million euros were recorded as well as a loss on the sale of some financial assets held for trading amounting to 0.4 million euros. Excluding these effects, finance cost of debt has remained stable in terms of percentages in comparison with the prior year.

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Net profit attributed to the parent company has increased by 9.6 million euros, from 24.5 million euros to 34.1 million euros, which means an increase of 39.2%.

As for the Group's Consolidated Balance Sheet, an increase of 8.6% in Net Working Capital should be noted, with a good performance of the trade receivables figure, and a decrease of 4 days in the average collection period. Additionally, other accounts payable include the payment of 50% of Aqua's earnout for an amount of 9.3 million US dollars (8.8 million euros), and the increase in the dividend payable in comparison with the prior year (15 million euros vs 10 million euros), thus partially offsetting the effect above. Inventories have increased by 7.5%, and turnover has decreased by 5 days.

Investments have decreased by 3 million euros in comparison with the prior year, mainly due to the lower investment in the implementation and rollout of IT systems and industrial projects in Australia and South Africa carried out in the prior year.

Net financial debt has decreased by 20.3 million euros over the previous year. This decrease in net financial debt is mainly due to two effects: the sale of the company Aplicaciones Técnicas Hidráulicas, S.L.U. (Note 6) for an amount of 10.5 million euros, and the cash flow generation for the last 12 months, which has allowed the Group to offset the effect of the payments made as a result of acquisitions. The 12-month average NFD/EBITDA ratio has improved from 2.67 in 2016 to 1.88 in 2017.

According to our estimates, the second half of the year will show positive evolution, although we expect some slowdown in growth so far.

Headcount has increased by 347 employees over December 31, 2016. The average headcount at June 30, 2017 is 4,431 employees, 67% of them are men and 33% women.

As for the environment, the Group has kept its commitment to optimizing the natural resources that it uses in the production processes and promoting alternative energies. Additionally, one of the main focuses of R&D projects is responsible use of water.

A breakdown of information on third-party transactions can be found on Note 22. Related-party Balances and Transactions.