Applus Services, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards (EU-IFRSs) as adopted by the European Union, and Consolidated Director's Report together with Auditor's Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
Apples Services, S.A. and Subsidiaries,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Applus Services, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 2.a to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Applus Services, S.A. and Subsidiaries as at 31 December 2014, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2014 contains the explanations which the Parent's directors consider appropriate about the situation of Applus Services, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2014. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ana Maria Gibert

25 February 2015

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014

(Thousands of Euros)

ASSETS	Notes	31/12/2014	31/12/2013	EQUITY AND LIABILITIES	Notes	31/12/2014	31/12/2013
NON-CURRENT ASSETS:				EQUITY:			
Goodwill	4	503.709	487.882	**Share capital and reserves**			
Other intangible assets	5	583.815	632.695	Share capital		11.770	654.731
Property, plant and equipment	7	194.148	189.450	Share premium		350.857	52.926
Non-current financial assets	8	12.722	13.831	Retained earnings and other reserves		239.837	(231.086)
Deferred tax assets	20.3	85.921	101.727	Profit / (Loss) for the year attributable to the Parent		23.831	(170.079)
Total non-current assets		1.380.315	1.425.585	Treasury Shares		(5.407)	-
				Valuation adjustments			
				Foreign currency translation reserve		(25.954)	(17.944)
				EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		594.934	288.548
				NON-CONTROLLING INTERESTS	13	38.709	34.701
				Total equity	12	633.643	323.249
				NON-CURRENT LIABILITIES:			
				Long-term provisions	17 & 27	29.329	12.761
				Bank borrowings	14	753.231	1.070.676
				Other financial liabilities	15	28.284	29.400
CURRENT ASSETS:				**Deferred tax liabilities**	20.4	167.770	220.464
Inventories	9	7.878	7.266	**Other non-current liabilities**	18	11.281	9.439
Trade and other receivables				**Total non-current liabilities**		989.895	1.342.740
Trade and other receivables	10	363.520	355.695				
Trade receivables from related companies	10 & 28	8.351	4.198	CURRENT LIABILITIES:			
Other receivables	10	30.145	27.945	**Short-term provisions**		2.175	1.288
Corporate income tax assets	20.2	14.380	12.013	**Bank borrowings**	14	36.872	37.671
Other current assets		10.216	7.453	**Trade and other payables**	19	288.638	289.541
Current financial assets	11	4.525	2.848	**Corporate income tax liabilities**	20.2	13.676	18.787
Cash and cash equivalents	11	149.688	180.877	**Other current liabilities**	18	4.119	10.604
Total current assets		588.703	598.295	**Total current liabilities**		345.480	357.891
TOTAL ASSETS		1.969.018	2.023.880	TOTAL EQUITY AND LIABILITIES		1.969.018	2.023.880

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated balance statement for 2014.

Barcelona, 24 February 2015.

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
Director

D. Pedro de Esteban Ferrer
Director

D. Alex Wagenberg Bondarovschi
Director

D. Mario Pardo Rojo
Director

D. John Daniel Hofmeister
Director

D. Josep María Panicello Primé
Director

D. Richard Campbell Nelson
Director

D. Fernando Basabe Armijo
Director

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR 2014

(Thousands of Euros)

	Notes	2014	2013
CONTINUING OPERATIONS:			
Revenue	21.a	1.618.717	1.580.501
Procurements		(248.125)	(244.420)
Staff costs	21.b	(830.372)	(784.361)
Other operating expenses		(354.908)	(362.268)
Operating Profit Before Depreciation, Amortization and Others		**185.312**	**189.452**
Depreciation and amortisation charge	5 & 7	(91.773)	(97.623)
Impairment and gains or losses on disposal of non-current assets	23	2.972	(117.571)
Other results	21.c	(20.390)	(17.024)
OPERATING PROFIT / (LOSS):		**76.121**	**(42.766)**
Net financial expense	22	(36.588)	(86.407)
Share of profit of companies accounted for using the equity method		2.255	2.493
Profit / (Loss) before tax		**41.788**	**(126.680)**
Corporate Income tax	20	(10.611)	(38.832)
Net Profit / (Loss) from continuing operations		**31.177**	**(165.512)**
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX:		-	-
NET CONSOLIDATED PROFIT / (LOSS):		**31.177**	**(165.512)**
Profit / (Loss) attributable to non-controlling interests	13	7.346	4.567
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT:		**23.831**	**(170.079)**
Profit / (Loss) per share (in euros per share):	12		
- Basic		**0,195**	**(0,282)**
- Diluted		**0,195**	**(0,282)**

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated income statement for 2014.

Barcelona, 24 February 2015.

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
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D. Alex Wagenberg Bondarovschi
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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2014

(Thousands of Euros)

	Notes	2014	2013
NET CONSOLIDATED PROFIT / (LOSS):		31.177	(165.512)
1. Other comprehensive income/loss, net of income tax:			
a) Items that will not be transferred to results		-	-
b) Items that could be transferred to results:			
Exchange differences on translating foreign operations	13	(7.519)	(9.427)
Fair value gain on hedging instruments entered into for cash flow hedges		-	6.974
Income tax effect of other comprehensive income/loss		-	(2.092)
2. Transfers to the income statement:		-	-
Other comprehensive result		(7.519)	(4.545)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		23.658	(170.057)
Total comprehensive income/(loss) for the year attributable to:			
- Owners of the company		15.821	(174.109)
- Non-controlling interests		7.837	4.052
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		23.658	(170.057)

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2014.

Barcelona, 24 February 2015.

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
Director

D. Pedro de Esteban Ferrer
Director

D. Alex Wagenberg Bondarovschi
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APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2014

(Thousands of Euros)

(Notes 12 & 13)	Share capital	Share premium	Retained earnings and other reserves	Valuation adjustments	Foreign currency translation reserve	Treasury shares	Loss for the year attributable to the Parent	Non-controlling interests	Total equity
Balance at 31/12/2012	**600.825**	**308.076**	**(470.219)**	**(4.882)**	**(9.032)**	**-**	**(69.157)**	**34.788**	**390.399**
Changes in the scope of consolidation	-	-	(680)	-	-	-	-	(1.521)	(2.201)
Allocation of 2012 loss	-	-	(69.157)	-	-	-	69.157	-	-
Dividends paid	-	-	-	-	-	-	-	(2.548)	(2.548)
Offset of losses from prior years	-	(308.076)	308.076	-	-	-	-	-	-
Capital increase	53.906	52.926	-	-	-	-	-	-	106.832
Other changes	-	-	894	-	-	-	-	(70)	824
2013 comprehensive income / (loss)	-	-	-	4.882	(8.912)	-	(170.079)	4.052	(170.057)
Balance at 31/12/2013	**654.731**	**52.926**	**(231.086)**	**-**	**(17.944)**	**-**	**(170.079)**	**34.701**	**323.249**
Changes in the scope of consolidation	-	-	826	-	-	-	-	378	1.204
Allocation of 2013 loss	-	-	(170.079)	-	-	-	170.079	-	-
Capital increase expenses charged to equity	-	-	(5.683)	-	-	-	-	-	(5.683)
Dividends paid	-	-	-	-	-	-	-	(4.302)	(4.302)
Capital reduction charged to reserves	(645.030)	-	645.030	-	-	-	-	-	-
Capital increase	2.069	297.931	-	-	-	-	-	-	300.000
Treasury shares	-	-	-	-	-	(5.407)	-	-	(5.407)
Other changes	-	-	829	-	-	-	-	95	924
2014 comprehensive income / (loss)	-	-	-	-	(8.010)	-	23.831	7.837	23.658
Balance 31/12/2014	**11.770**	**350.857**	**239.837**	**-**	**(25.954)**	**(5.407)**	**23.831**	**38.709**	**633.643**

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the combined statement of changes in equity for 2014.

Barcelona, 24 February 2015.

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
Director

D. Pedro de Esteban Ferrer
Director

D. Alex Wagenberg Bondarovschi
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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2014

(Thousands of Euros)

	CCAA 2014	CCAA 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit / (Loss) from operating activities before tax	41.788	(126.680)
Adjustments of items that do not give rise to operating cash flows-		
Depreciation and amortisation charge	81.773	97.623
Writedown of goodwill and impairment of intangible assets	-	119.167
Gain on disposal of subsidiaries	(4.048)	-
Changes in provisions and allowances	(1.572)	-
Financial loss	36.588	86.407
Share of profit in associated companies	(2.255)	(2.493)
Gains or losses on disposals of property, plant and equipment	1.039	20
Gains or losses on disposals of intangible assets	38	(2)
Profit from operations before changes in working capital (I)	163.351	174.042
Changes in working capital-		
Changes in trade and other receivables	(10.822)	(21.814)
Changes in inventories	(612)	632
Changes in trade and other payables	(3.256)	24.389
Cash generated by changes in working capital (II)	(14.690)	3.207
Corporate Income tax	(25.486)	(22.451)
Cash flows from income tax (III)	(25.486)	(22.451)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)	123.175	154.798
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business combinations	1.978	854
Payments due to acquisition of subsidiaries and other non-current financial assets	(25.676)	(18.557)
Proceeds from disposal of subsidiaries	13.192	-
Payments due to acquisition of one-off assets	(9.240)	(5.907)
Payments due to acquisition of intagible and tangible assets	(38.587)	(46.389)
Net cash flows used in investing activities (B)	(58.333)	(69.999)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from equity instruments	291.880	-
Interest received	2.267	1.065
Interest paid	(27.196)	(44.803)
Net changes in non-current financing (proceeds and payments)	(363.071)	(3.876)
Net changes in current financing (proceeds and payments)	6.415	4.814
Dividends paid by Group companies to non-controlling interests	(4.302)	(2.548)
Net cash flows used in financing activities (C)	(94.007)	(45.348)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D):	(2.024)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(31.189)	39.451
Cash and cash equivalents at beginning of year	180.877	141.426
Cash and cash equivalents at end of year	149.688	180.877

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated statement of cash flows for 2014.

Barcelona, 24 February 2015.

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
Director

D. Pedro de Esteban Ferrer
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D. Alex Wagenberg Bondarovschi
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Applus Services, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards (EU-IFRSs) as adopted by the European Union, and Consolidated Director's Report together with Auditor's Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.

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Applus Services, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2014

1. Group activities

Applus Services, S.A. (formerly Applus Technologies Holding, S.L. -"the Parent"-) has been the Parent of the Applus Group ("the Applus Group" or "the Group") since 29 November 2007 and was incorporated on 5 July 2007 as a private limited liability company for an indefinite period of time under the name of Libertytown, S.L., which was changed to Applus Technologies Holding, S.L. on 10 July 2008. It adopted its current name on 4 March 2014. On 4 March 2014, the shareholders at the Parent's Annual General Meeting resolved to change the Parent from a private limited liability company to a public limited liability company.

When the Company was incorporated its registered office was established at calle Aribau no. 171, Barcelona. On 29 November 2007, the registered office was moved to its current location at Campus de la UAB, Ronda de la Font del Carme s/n, Bellaterra, Cerdanyola del Vallès (Barcelona).

On 25 March 2014, the Parent's sole shareholder amended its company object. The Parent's company object is as follows:

- The provision of services related to the automotive industry and vehicle and road safety (engineering processes, design, testing, standardisation and certification of second-hand vehicles) and technical inspections for other non-automotive industries except for reserved activities subject to special legislation.

- The performance of technical audits of all manner of facilities used for vehicle roadworthiness or monitoring tests throughout Spain and abroad and any other type of non-vehicle inspections.

- The preparation and performance of all manner of studies and projects relating to the foregoing activities, whether of an economic, industrial or technical nature or relating to real estate, computing or market research, and the supervision, management and rendering of services and provision of counselling on the performance thereof.

- The provision of advisory, administration and management services of a technical, tax, legal or commercial nature.

- The provision of commercial intermediation services in Spain and abroad. The provision of all manner of quality and quantity inspection and control services, statutory inspections, cooperation with the public authorities, consulting, audit, certification and standardisation services, personnel training and skill-building and technical assistance in general aimed at enhancing quality, safety and environmental organisation and management.

- The performance of laboratory or in situ studies, work, measurements, trials, analyses and controls using the professional methods and means deemed necessary or appropriate and, particularly, relating to materials, equipment, products and industrial facilities in the mechanical, electrical, electronic and IT fields and the areas of transport, communications, administrative organisation, office computerisation, mining, foodstuffs, environment, construction and civil engineering at the design, project, manufacturing, construction, assembly and start-up phases and subsequent maintenance and production for all manner of companies and public and private entities including central government, autonomous community, provincial and municipal authorities and for all manner of bodies, institutions and users in Spain and abroad.

- The acquisition, holding and direct or indirect management of shares or other equity investments or ownership interests in share capital and/or securities entitling the holder to obtain shares, equity investments or ownership interests in companies of any kind and entities with or without legal personality incorporated under Spanish law or any other applicable legislation in accordance with Article 116 of the Consolidated Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March, or any legal provisions that may replace such legislation, and the direct or indirect management of any such company or entity through the membership, attendance at or holding of positions on any governing or managing body of the aforementioned companies or entities, performing such advisory or management services through the related organisation of material and human resources. The activities expressly reserved by the Collective Investment Undertakings Law and by the Securities Market Law for securities brokers and dealers are excluded.

The activities making up the company object specified in the foregoing paragraphs may be pursued directly by the Parent or indirectly through the ownership of shares or other equity interests in companies with the same or a similar object. The Parent may even carry on all of its activities indirectly, thus acting solely as a holding company.

On 29 November 2007, the Parent acquired all of the shares of Applus Servicios Tecnológicos, S.L.U., at that date the holding company of the Applus Group. From that date onwards the Applus Group became a wholly-owned investee of Azul Holding S.C.A. which, in turn, is an investee of funds managed by The Carlyle Group.

On 20 December 2012, the Velosi Group was acquired by the Applus Group. The transaction was carried out through the non-monetary contribution of the shares representing the entire share capital of Azul Holding 2 S.à r.l., sole shareholder of the Velosi Group, by Azul Holding, S.C.A., shareholder of the Parent.

On 7 May 2014, the Board of Directors, acting under powers delegated from the Parent's General Meeting of 25 March 2014, resolved unanimously to request admission to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and the concomitant launch of an initial public offering of new shares on the Spanish Stock Exchanges, a process which was completed successfully. Therefore, the Parent's shares have been listed on the stock market since 9 May 2014 (see Note 12-a).

The subsidiaries and associates directly or indirectly owned by the Parent and included in the scope of consolidation are shown in Appendix I.

The subsidiaries and associates directly or indirectly owned by the Parent and excluded from the scope of consolidation either because they are dormant companies or because effective control over them is not exercised by the shareholders of the Applus Group are shown in Appendix II.

2. Basis of presentation and basis of consolidation

2.a Basis of presentation of the consolidated financial statements

a) Basis of presentation

These consolidated financial statements for 2014 were authorised for issue by the Parent's directors at the Board of Directors Meeting held on 24 February 2015. The 2014 consolidated financial statements of the Group and the 2014 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. The Parent's Board of Directors considers that the aforementioned financial statements will be approved without any changes. The Group's consolidated financial statements for 2013 were approved by the shareholders at the Annual General Meeting of the Parent on 22 April 2014.

Since 2005 the Parent's Directors have prepared the Applus Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council and taking into account all the mandatory accounting principles and rules and measurement bases and the Spanish Commercial Code, the Spanish Limited Liability Companies Law and other Spanish corporate law applicable to the Group. They were prepared from the separate accounting records of the Parent and of each of the consolidated companies (detailed in Appendix I) and, accordingly, they present fairly the Group's equity, financial position, results of operations, changes in consolidated equity and consolidated cash flows under EU-IFRSs.

The consolidated financial statements for 2014 were prepared from the separate accounting records of the Parent and of each of the consolidated companies (detailed in Appendix I) and, accordingly, they present fairly the Group's equity, financial position, results of operations, changes in consolidated equity and consolidated cash flows under EU-IFRSs and the regulatory financial reporting framework applicable to the Group. However, since the accounting policies and measurement basis used in preparing the Group's consolidated financial statements for 2014 (EU-IFRSs) occasionally differ from those used by the Group companies (local standards), all the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted in Europe.

The accounting policies used to prepare these consolidated financial statements comply with all the EU-IFRSs in force at the date of their preparation. The EU-IFRSs provide for certain alternatives regarding their application. The alternatives applied by the Group are described in Notes 2 and 3.

The preparation of the consolidated financial statements for 2014 took into account all the mandatory accounting principles and rules and measurement bases with a material effect thereon, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in Note 3.

b) Comparative information

The information relating to 2014 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with information relating to 2013.

During the year, there was a correction made to Note 5, modifying the classification of intangible assets, without affecting the assets identified in the different Business Combinations described in note 5, for the preceding year among the various subheadings and among the various cash-generating units, although there was no impact on the total balance of the aforementioned heading.

c) Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Parent's Directors who are responsible for the preparation of the consolidated financial statements in accordance with the applicable regulatory financial reporting framework (see Note 2-a above) and for the internal control measures that they consider necessary to make it possible to prepare the consolidated financial statements free from material misstatement.

In the Group's consolidated financial statements for 2014, estimates were made by management of the Parent and of the consolidated companies, later ratified by their directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of goodwill (see Notes 3.a and 4)
- The impairment losses on certain assets (see Notes 3.d, 6 and 23)
- The recovery of deferred tax assets (see Note 20)
- The useful life of the property, plant and equipment and intangible assets (see Notes 3.b and 3.c)
- The assumptions used in measuring the fair value of the financial instruments (see Note 3.m)
- Income from unbilled services (see Note 3.s)
- Provisions and contingent liabilities (see Notes 3.l, 17 and 27)

- Corporate income tax and deferred tax assets and liabilities (see Note 20)

Although these estimates were made on the basis of the best information available at 31 December 2014 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements or consolidated statements of equity, as appropriate.

*d) **Presentation currency***

These consolidated financial statements are presented in thousands of euros, since this is the currency of the main economic area in which the Group operates. Foreign operations are recognised in accordance with the policies described in Note 3.

*e) **Changes in accounting policies***

In preparing the accompanying consolidated financial statements no changes in accounting policies were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for 2013.

*f) **Materiality***

When determining the information to be disclosed in these notes to the consolidated financial statements on the various line items in the consolidated financial statements or on other matters, the Group took into account the materiality principle.

2.b Basis of consolidation and changes in the scope of consolidation

*a) **Subsidiaries***

Subsidiaries are those entities over which the Applus Group directly or indirectly controls the financial and operating policies, exercises power over the relevant activities, maintains exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. This is generally because it holds more than 50% of the voting power. Also, in order to assess whether the Applus Group controls another entity the existence and the effect of the exercise or conversion of potential voting power is taken into consideration. The subsidiaries are consolidated from the date on which control is transferred to the Applus Group and are excluded from consolidation on the date that control ceases to exist. Appendix I discloses the most significant information about these entities.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Accordingly, all material balances and effects of the transactions between consolidated companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

The businesses acquired are recognised using the acquisition method so that the assets, liabilities and contingent liabilities of a subsidiary are measured at their acquisition-date fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill (see Notes 3.a and 4). Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a bargain purchase) is credited to profit or loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

Also, with respect to the share of third parties, the following must be taken into account:

- The equity of their subsidiaries is presented within the Group's equity under "Non-Controlling Interests" in the consolidated balance sheet (see Note 13).

- The profit for the year is presented under "Profit Attributable to Non-Controlling Interests" in the consolidated income statement (see Note 13).

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal only.

The foreign companies' financial statements were translated to euros by applying the year-end exchange rate method, whereby the companies' equity is measured at the historical exchange rates, the income statement items at the average exchange rates for the year and the assets, rights and obligations at the year-end exchange rates. Translation differences are charged or credited, as appropriate, to "Equity - Translation Differences" in the consolidated balance sheet.

Also, in accordance with standard practice, the accompanying consolidated financial statements do not include the tax effects that might arise as a result of the inclusion of the results and reserves of the consolidated companies in those of the Parent, since it is considered that no transfers of reserves will be made that are not taxed at source and that such reserves will be used as means of financing at each company.

b) Associates

Associates are companies over which the Parent is in a position to exercise significant influence, but not control or joint control. Normally this capacity exists because the Group holds -directly or indirectly- 20% or more of the voting power of the subsidiary.

In the consolidated financial statements, investments in associates are accounted for using the equity method, i.e. at the Group's share of net assets of the subsidiary, after taking into account the dividends received therefrom and other equity eliminations. In the case of transactions with an associate, the related profits and losses are eliminated to the extent of the Group's interest in the associate.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

There are no jointly controlled entities that are proportionately consolidated.

c) Changes in accounting policies and in disclosures of information effective in 2014

In 2014 new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements.

The following standards have been applied in these consolidated financial statements, with no significant impact on the presentation here of and disclosures herein:

New standards, amendments and interpretations:	Content:	Obligatory application in annual reporting periods beginning on or after:
IFRS 10 Consolidated Financial Statements (issued in May 2011)	Replaces the consolidation guidance in IAS 27.	1 January 2014 (1)
IFRS 11 Joint Arrangements (issued in May 2011)	Replaces IAS 31 on joint ventures.	1 January 2014 (1)
IFRS 12 Disclosure of Interests in Other Entities (issued in May 2011)	Single standard that sets out disclosures related to interests in subsidiaries, associates, joint ventures and unconsolidated entities.	1 January 2014 (1)
IAS 27 (Revised) Separate Financial Statements (issued in May 2011)	The standard was revised because, following the issuance of IFRS 10, it will now include only the separate financial statements of an entity.	1 January 2014 (1)
IAS 28 (Revised) - Investments in Associates and Joint Ventures (issued in May 2011)	Simultaneous revision related to the issuance of IFRS 11 Joint Arrangements.	1 January 2014 (1)
Transition rules: Amendments to IFRS 10, 11 and 12 (issued in June 2012)	Clarification on the transition rules applying to these standards.	1 January 2014 (1)
Investment entities: amendments to IFRS 10, IFRS 12 and IAS 27 (issued in October 2012)	Exception in the consolidation for parent companies whose businesses qualify as investment entities.	1 January 2014
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (issued in December 2011)	Further clarifications of rules for offsetting financial assets and liabilities of IAS 32.	1 January 2014
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (issued in May 2013)	Clarifies certain disclosure requirements and requires additional information when recoverable amount is based on fair value less costs of disposal.	1 January 2014 (2)
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (issued in June 2013)	The amendments determine in what cases and according to what criteria the novation of a derivative does not make it necessary to discontinue hedge accounting.	1 January 2014

(1) The European Union delayed the mandatory effective date by one year. The original effective date of the IASB was 1 January 2013.

(2) These amendments to IAS 36 were applied early by the Group, effective as of 1 January 2013.

Since their entry into force on 1 January 2014, the Group has applied the aforementioned standards and interpretations which did not have any significant impacts on the preparation of the consolidated financial statements.

In this regard, IFRS 10 amended the definition of control existing until its entry into force and, therefore, the new definition of control sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

Based on the new assumptions to be considered when defining control, the Group has carried out a review process in order to reassess the situations of control existing over the Group companies. These assumptions include most notably the following:

- Only substantive rights are considered in the analysis of control, and certain new requirements for potential voting rights are also included, which will be considered provided that they are substantive, even though the rights are not currently exercisable. The explanation in relation to the difference between substantive and protective rights has been extended.

- To have power over the investee is not sufficient, to the extent that the entity that has power, it must also have the ability to use its power to affect its returns from the investment. In this regard, the standard has been extended to analyse principal and agent situations in relation to the exercise of control over other entities and structured entities operating on "autopilot".

IFRS 10 also covers the situation commonly known as "de facto control" in which the entity may retain control even without holding majority voting rights, a case not explicitly dealt with by the standards currently in force. The amendment to the definition of control in the new IFRS 10 did not give rise to any significant change in the method of consolidation of the various Group companies, there was only a change at the Andorran company Inspecció Tècnica de Vehicles i Serveis, S.A. which ceased to be accounted for using the equity method and began to be fully consolidated. The accompanying Appendix I provides detail on the total assets, liabilities and results of the aforementioned subsidiary, which were not significant for consolidation purposes and, therefore, the Group did not restate the consolidated financial statements for 2013 as established in IAS 1.40.

Also, the fundamental change introduced by IFRS 11 with respect to the previous standard is the elimination of the option of proportionate consolidation for jointly controlled entities, which have begun to be accounted for using the equity method. In 2013 there were no proportionately consolidated companies and, therefore, the aforementioned new IFRS did not have any impact on the consolidated financial statements for 2014.

With regard to IFRS 12, this new standard relating solely to disclosures presents in a single standard all the disclosure requirements for investments in other companies (whether these are subsidiaries, associates, joint arrangements or other unconsolidated interests) and, in addition to the very significant volume of new disclosure requirements, mention should be made of the introduction of mandatory disclosures on interests in unconsolidated vehicles, without any significant impact on the 2014 consolidated financial statements.

IAS 27 was revised as from now on its contents will apply only to stand alone financial statements of an entity. IAS 28 now prescribes that jointly controlled entities must be accounted for using the equity method, without any other possible option, in the same way as associates.

d) Accounting policies issued but not yet in force in 2014

At the date of formal preparation of these consolidated financial statements, the following standards and interpretations had been published by the International Accounting Standards Board (IASB) but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union (EU-IFRSs):

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union:		
IFRIC 21 Levies (issued in May 2013)	Guidance on when to recognise a liability for levies charged for participation by the entity in an activity on a specified date	17 June 2014 (1)
Not yet approved for use in the European Union at the date of publication of this document		
New standards		
IFRS 9 Financial Instruments (last phase issued in July 2014)	Replaces the requirements for classifying and measuring financial assets and liabilities and accounting for hedging and impairmente IAS 39.	1 January 2018
IFRS 15 Revenue from Contracts with Customers (issued in May 2014)	New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)	1 January 2017
Amended and interpreted in		
IFRS 14 Regulatory Deferral Accounts	Financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate subject to rate regulation.	1 January 2016
Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013)	The amendments allow employee contributions to be deducted from service costs in the same period in which they are paid, providing certain requirements are met	1 July 2014
Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle (issued in December 2013)	Minor amendments to certain standards	1 July 2014
Amendments to IAS 16 and IAS 38 Acceptable Methods of Depreciation and Amortisation (issued in May 2014)	Clarifies acceptable methods of depreciation of property, plant and equipment and amortisation of intangible assets	1 January 2016
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	Specifies the accounting treatment for the acquisition of an interest in a joint operation that constitutes a business.	1 January 2016
Improvements to IFRSs 2012-2014 Cycle (issued in September 2014)	Minor amendments to certain standards	1 January 2016
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	Clarification regarding the results of these transactions if they are businesses or assets.	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements (issued in August 2014)	An investor may now be accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (issued in June 2014)	Bearer plants will now be recognised at cost, instead of at fair value.	1 January 2016

(1) The European Union endorsed IFRIC 21 (EU Journal 14 June 2014), changing the original date of entry into force established by the IASB from 1 January 2014 to 17 June 2014.

The Parent's Directors have not considered the early application of the standards and interpretations detailed above and, in any event, application thereof will be considered by the Group once they have been approved, as the case may be, by the European Union.

In any case, the Parent's Directors have assessed the potential impact of applying these standards in the future and consider that their entry into force will not have a material effect on the Group's consolidated financial statements.

e) Changes in the scope of consolidation

<u>e.1. Inclusions in the scope of consolidation in 2014:</u>

In 2014 the following companies were included in the scope of consolidation:

- Companies acquired in 2014 (all correspond to the Group Ingleog, except for Applus RTD, LLC):
  - Ingelog Consultores de Ingeniería y Sistemas, S.A.
  - Ingeandina Consultores de Ingeniería, S.A.S
  - Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.
  - Ingelog Costa Rica, S.A.
  - Ingelog Servicios Generales, Ltda.
  - Applus RTD, LLC
  - Applus Velosi Angola, Limited

- Companies incorporated in 2014:
  - Applus K2 America, LLC
  - Applus Velosi Egypt, LLC
  - K1 Total, OY
  - Applus RTD USA Aerospace Holding, Inc.
  - Applus Laboratories USA, Inc.
  - 2445805 Ontario Ltd.

e.1.1. Companies acquired in 2014

On 29 October 2014, the Group acquired all the share capital of the Chilean companies forming part of the Ingelog Group for a fixed amount of CLP 13,445,647 thousand (approximately EUR 17.4 million at that date) plus a maximum earn-out of CLP 1,282,508 thousand (approximately EUR 1.7 million). The Group considers that the conditions to ensure that the earn-out will be paid in full will be met and, accordingly, it was taken into account when determining the acquisition cost of the ownership interest. Of the companies acquired -Ingelog Servicios Generales, Ltda. and Ingelog Consultores de Ingeniería y Sistemas, S.A.(parent)- the latter forms a subgroup with three subsidiaries, Ingeandina Consultores de Ingeniería, S.A.S., Ingelog Costa Rica, S.A. and Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.

The most significant information on the main acquisitions in 2014 is as follows (in thousands of euros):

	Group Ingelog
Non-current assets	1,593
Other non-current assets	361
Receivables and other	5,654
Cash and cash equivalents	1,928
Current liabilities	2,587
Other non-current liabilities	429
Fair value of net assets acquired	**6,520**
Acquisition cost	**19,083**
Goodwill (Note 4)	**12,563**

On 18 November 2014, the subsidiary Velosi Africa (Luxembourg), S.à r.l. incorporated with another partner Applus Velosi Angola, Limited of which it holds 49% of the share capital amounting to AOA 191,404 (EUR 1,506).

On 24 December 2014, RTD Holding B.V. (99%) and Arctosa Holding B.V. (1%) acquired Applus RTD, LLC with a share capital of RUB 10 thousand (EUR 0.1 thousand).

e.1.2. Companies incorporated in 2014

On 23 June 2014, Applus Velosi America, LLC incorporated Applus K2 America, LLC with a share capital of USD 1 thousand (EUR 833).

On 11 August 2014, Velosi Africa (Luxembourg) S.à r.l. and Velosi S.A. (Propietary) Ltd. incorporated Applus Velosi Egypt, LLC with a share capital of EGP 200 thousand (EUR 21 thousand).

On 25 August 2014, Applus Iteuve Technology S.L.U. incorporated K1 Total, OY with a share capital of EUR 2,500.

Additionally, the following companies have been incorporated and as indicated in Appendix II, are not included in the scope of consolidation since they are Holding companies with no activity:

- On 25 November 2014, Libertytown USA 2, Inc. incorporated Applus RTD USA Aerospace Holding Inc. with a share capital of USD 1 (EUR 0.8).
- On 25 November 2014, LGAI Technological Center, S.A. incorporated Applus Laboratories USA, Inc. with a share capital of USD 1 (EUR 0.8).
- On 12 December 2014, RTD Holding B.V. incorporated 2445805 Ontario Ltd. with a share capital of CAD 1 (EUR 0.7).

e.2. Changes in the scope of consolidation in 2014

On 1 January 2014, the investees A-Inspektion, AS and Applus Denmark, S.A. merged. Also, the companies A-Inspektion Invest Aps and Synshallen Arhus havn Aps, that was a subsidiary of A-Inspektion, AS.

Additionally, Steel Test (PTY) Limited and Velosi SA (PTY) Ltd. incorporated Velosi Mozambique LDA on an equal-footing basis with a share capital of MZN 100 thousand (EUR 2 thousand); this subsidiary was included in the scope of consolidation in 2014.

The subsidiary John Davidson Australia, Pty. Limited incorporated Applus Velosi DRC, S.à r.l. through monetary contributions of USD 9 thousand (EUR 7 thousand), giving it an ownership interest of 90%. Also, on 28 February 2014 the non-controlling shareholder entered into an agreement to transfer 10% of the shares to John Davidson Australia, Pty. Ltd., making the latter the sole shareholder of Applus Velosi DRC, S.à r.l. This company was included in the scope of consolidation in 2014.

On 11 December 2013, Velosi Malta II Limited incorporated Applus Velosi Czech Republic, S.R.O. with a share capital of CZK 200 thousand (EUR 7 thousand).

e.3. Exclusions from the scope of consolidation in 2014

On 26 February 2014, Applus RTD K.K., which was dormant, was liquidated, without significant impact on the Group's consolidated profit or loss.

On 14 March 2014, the Group sold the agrofood business division owned partly by LGAI Technological Center, S.A., Applus Norcontrol, S.L., Applus Portugal, LTDA and Applus Quality Inspection Co, Ltd. for a total of EUR 10,394 thousand, and all of the ownership interest of Irtapplus, S.L. (including 75.42% of the shares of Applus Agroambiental, S.A.). A portion (EUR 8,244 thousand) of the price obtained from the sale of the food and agriculture business was collected when the purchase and sale agreement was executed, and the remaining EUR 2,150 thousand was deposited in the form of a guarantee by the buyer to cater for possible adjustments to the price, the deadline for payment of which is 30 June 2016. The impact of this sale on the consolidated profit or loss for 2014 amounted to a gain of EUR 2.769 thousand (see Note 23).

On 30 September 2014, Röntgen Technische Dienst Holding, B.V. sold Röntgen Technische Dienst, N.V. for EUR 6 million. A portion (EUR 5,608 thousand) of the price obtained from the sale of the business was collected when the purchase and sale agreement was executed, and the remaining EUR 392 thousand was deposited in the form of a guarantee by the buyer to cater for possible adjustments to the price, the deadline for payment of which is 31 March 2015. The impact of this sale on the consolidated profit or loss for 2014 amounted to a gain of EUR 4,100 thousand (see Note 23).

e.4. Inclusions in the scope of consolidation in 2013:

In 2013 the following companies were included in the scope of consolidation:

- Companies acquired in 2013:
  - Group A-Inspektion A/S
  - Applus Velosi OMS Co Ltd.
  - Testex Inspection LLC
  - Ringal Invest, S.L.U.
- Companies incorporated in 2013:
  - Applus II Meio Ambiente Portugal, LDA
  - Velosi Turkmenistam
  - Applus Velosi Mongolia, LLC
  - Applus Norcontrol Consultoria e Ingenieria SAS
  - Applus Arabia, LLC

e.4.1. Companies acquired in 2013

On 12 December 2013, the subsidiary Applus Danmark A/S acquired all the share capital of the Danish company A-Inspektion A/S for EUR 98 thousand. The acquired company includes one subgroup with two subsidiaries, A-Inspektion Invest Aps and Synshallen, Århus Havn ApS, which are fully owned by A-Inspektion A/S.

On 12 December 2013, the subsidiary Velosi Industries SDN BHD acquired 66.6% of the share capital of Applus Velosi OMS Co Ltd. for a fixed amount of KRW 86,580 thousand (EUR 59 thousand at the acquisition date) plus an earn-out of USD 2,000 thousand (EUR 1,451 thousand at 31 December 2013). The Group considers that the conditions to ensure that the earn-out will be paid in full will be met and, accordingly, it was taken into account when determining the acquisition cost of the ownership interest.

On 12 December 2013, Applus Velosi America, LLC acquired all the share capital of Testex Inspection LLC for a fixed amount of USD 10,000 thousand (EUR 7,436 thousand at the acquisition date) plus a maximum earn-out of USD 6,000 thousand (EUR 4,360 thousand at 31 December 2013). The Group considers that the conditions to ensure that the earn-out will be paid in full will be met and, accordingly, it was taken into account when determining the acquisition cost of the ownership interest. Pursuant to IFRS 3, only USD 4,800 thousand (EUR 3,488 thousand) -the part to be paid to shareholders who do not remain in the company's employ- was recognised as an addition to the acquisition cost of the investment. The earn-out of USD 1,200 thousand (EUR 872 thousand) to be paid to shareholders who remain in the company's employ was recognised as an expense.

Also, on 17 May 2013, the subsidiary Applus Servicios Tecnológicos, S.L.U. acquired all of the share capital of Ringal Invest, S.L.U. for EUR 3 thousand.

The most significant information on the main acquisitions in 2013 is as follows (in thousands of euros):

	Testex Inspection LLC	Applus Velosi OMS Co Ltd.	A-Inspektion A/S Group	**Total**
Non-current assets	26	95	352	**473**
Other non-current assets	-	-	292	**292**
Receivables and other	2,779	365	285	**3,429**
Current investments	-	9	-	**9**
Cash and cash equivalents	675	8	171	**854**
Current liabilities	-	357	1,160	**1,517**
Other non-current liabilities	121	-	-	**121**
Fair value of net assets acquired	**3,359**	**120**	**(60)**	**3,419**
Acquisition cost	**10,924**	**1,510**	**98**	**12,532**
Goodwill	**7,565**	**1,390**	**158**	**9,113**

e.4.2. Companies incorporated in 2013

On 14 January 2013, Applus Norcontrol, S.L.U. and Applus Servicios Tecnológicos, S.L.U. incorporated the Portuguese company Applus II Meio Ambiente Portugal, LDA. with a monetary contribution of EUR 1 thousand of share capital.

On 15 February 2013, Velosi Industries Sdn Bhd and Velosi Europe Limited (UK) incorporated Velosi Turkmenistan for TMT 142,500 (EUR 37 thousand).

e.5. Changes in the scope of consolidation in 2013

On 29 July 2013, Idiada Investimentos do Brasil, Ltda merged with Idiada Tecnologia Automotiva, Ltda.

On 8 July 2013, RTD Holding Deutschland GmbH sold all the shares of Applus RTD Personalservices GmbH to the Group company Röntgen Technische Dienst Holding, B.V. for EUR 27 thousand. Also, on 12 August 2013 Libertytown Germany GmbH merged with Libertytown Applus RTD Germany GmbH.

On 17 July 2013, Libertytown Australia PTY LTD exercised the option to purchase 30% of the shares that had been owned by the non-controlling shareholders of John Davison and Associates PTY LTD and JDA Wokman Limited. AUD 1,815 thousand and AUD 1,184 thousand (EUR 1,181 thousand and EUR 770 thousand, respectively) were paid for the acquisitions. At 2013 year-end the Group wholly owned the JDA subgroup.

On 1 September 2013, Ringal Invest, S.L.U acquired Ringal Brasil Investimentos Ltd. from Röntgen Technische Dienst Holding, B.V. (99.9%) for EUR 4,043 thousand. On 29 November 2013, Applus Servicios Tecnológicos, S.L.U. increased the share capital and share premium of Ringal Invest, S.L.U. by EUR 100 thousand and EUR 3,943 thousand, respectively.

e.6. Exclusions from the scope of consolidation in 2013

On 25 July 2013, the dormant company Applus Iteuve Andalucía, S.A. was liquidated, with no significant impact in the income statement of the Group's consolidated financial statements.

On 27 August 2013, the dormant company Velosi Project Services Pte Ltd. was liquidated, which did not have a material impact on the Group's consolidated profit or loss, with no significant impact in the income statement of the Group's consolidated financial statements.

On 19 December 2013, the dormant company Velosi (S) PTE LTD was liquidated, with no significant impact in the income statement of the Group's consolidated financial statements.

3. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, were as follows:

a) Goodwill

Goodwill represents the excess of the cost of the combination over the fair value of the interest in the net identifiable assets of a subsidiary, jointly controlled entity or acquired associate at the acquisition date. Goodwill relating to the acquisition of subsidiaries or jointly controlled entities is included in intangible assets and goodwill relating to the acquisition of associates is included in investments accounted for using the equity method.

The cost of a business combination is the aggregate of:

– The acquisition-date fair value of the assets acquired, the liabilities assumed and the equity instruments issued.

– The fair value of any contingent consideration that depends on future events or on the fulfilment of certain specified conditions.

The costs incurred to issue equity or debt securities given up in exchange for the items acquired are not included in the cost of a business combination.

Also, the cost of a business combination does not include the fees paid to legal advisers and other professionals involved in the combination or, clearly, any costs incurred internally in this connection. Such amounts are charged directly to profit or loss.

If the business combination is achieved in stages and, therefore, the acquirer already held an equity interest in the acquiree immediately before the acquisition date (the date on which control is obtained), the goodwill or gain on a bargain purchase is the difference between:

– The cost of the business combination, plus the acquisition-date fair value of any equity interest previously held by the acquirer in the acquiree; and

– The fair value of the identifiable assets acquired less the fair value of the liabilities assumed, determined as indicated above.

Any gain or loss resulting from the remeasurement at fair value of the previously held equity interest in the acquiree at its acquisition-date fair value on the date control is obtained is recognised in the income statement of the consolidated financial statements. If the investment in this investee had previously been measured at fair value, any valuation adjustments not yet recognised in profit or loss will be transferred to the consolidated income statement. Also, the cost of a business combination is presumed to be the best reference for estimating the acquisition-date fair value of any previously held equity interest.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is measured in the functional currency of the acquire and is translated to euros at the exchange rates prevailing at the balance sheet date.

If, exceptionally, a gain on a bargain purchase arises from the business combination, it is recognised as income in the consolidated income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete and the provisional amounts may be adjusted in the period required to obtain the necessary information. However, the measurement period shall not exceed one year from the acquisition date. The effects of the adjustments made in that period are recognised retrospectively and comparative information for prior periods must be revised as needed.

Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss, unless the consideration has been classified as equity, in which case subsequent changes in its fair value are not recognised.

If, subsequent to obtaining control, there are transactions to sell or purchase the shares of a subsidiary without losing control thereover, the impacts of these transactions not leading to a change in control are recognised in equity and the amount of goodwill arising on consolidation is not adjusted.

Pursuant to paragraph 81 of IAS 36, when goodwill cannot be allocated to an individual cash-generating unit, it is allocated to homogeneous groups of cash-generating units that correspond to the lowest level at which the goodwill can be monitored by the directors for internal management purposes.

b) Other intangible assets

The other intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reasonably objectively and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are recognised initially at acquisition or production cost, which includes the allocation of the value of goodwill as a result of the business combinations, where applicable, and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are measured and amortised as follows:

- Administrative concessions or similar items that have been acquired by onerous title are amortised on a straight-line basis over the concession term. The initial cost (fee) and, where applicable, the present value of the future payments which are deemed to be necessary when the assets are handed over to the grantor are included in this line item.

- Trademarks and trademark licence agreements are measured based on the future royalty income stream from their use. Trademarks and trademark licence agreements are considered to have a finite useful life and are amortised over 25 years, with the exception of the trademark and trademark licence agreement associated with the Velosi Group, which are being amortised over 10 years.

- The administrative authorisations relate to vehicle roadworthiness testing services in Spain and abroad which the Group manages under this name. The main administrative authorisations relate to Spain and Finland. In the case of Spain, considering the opinion of the Group's advisers regarding the possible positioning of the Catalonia Autonomous Community Government regarding the renewal of the administrative authorisation of that Autonomous Community at finalization of the current established period, which concludes in 2035, management decided in 2013 to start amortizing the cost of the authorisation over the 23 years remaining to maturity, until 2035. (See Note 27.b). In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in 10 years and, therefore, it is being amortised over this period.

- Customer portfolios are amortised based on the life of the agreements entered into with the customers.

- Asset usage rights relate to machinery and fixtures used by the Group in the performance of its business activity and are subject to reversal. They are amortised over the residual useful life of the assets to which they correspond, from the acquisition date of the right of use, based on an estimate by an independent valuer.

- Computer software is amortised on a straight-line basis over five years. Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

c) Property, plant and equipment

Property, plant and equipment are recognised at acquisition or production cost.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred.

The companies depreciate their property, plant and equipment using the straight-line method on the basis of the remaining years of estimated useful life of the various items, the detail being as follows:

	Years of estimated useful life
Buildings	20 to 40
Plant	3 to 12
Machinery and tools	3 to 10
Furniture	2 to 10
Computer hardware	4
Transport equipment	3 to 10

The assets that have to be handed over to the Government at the end of the concession term will have been fully depreciated at this date.

Property Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Assets held under finance leases (see Note 3.g) are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the lease agreement. At 31 December 2014, "Property, Plant and Equipment" in the consolidated balance sheet included EUR 19,520 thousand (31 December 2013: EUR 17,202 thousand) relating to assets held under finance leases (see Note 7).

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

d) *Impairment of non-financial assets*

Intangible assets with an indefinite useful life or intangible assets that cannot be used are not amortised or depreciated and are tested for impairment annually. Assets that are amortised or depreciated are tested for impairment whenever an event or a change in circumstances indicates that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. For the purpose of impairment loss assessment, assets are grouped at the lowest level for which there are largely independent separately identifiable cash inflows (cash-generating units (CGUs)). The cash-generating units defined by the Group are detailed in Notes 4 and 5.

Pursuant to paragraph 81 of IAS 36, when goodwill cannot be allocated to an individual cash-generating unit, it is allocated to homogeneous groups of cash-generating units that correspond to the lowest level at which the goodwill can be monitored by the directors for internal management purposes. In these cases, as established in paragraphs 88 and 89 of IAS 36, these individual cash-generating units are tested for impairment to assess the recoverability of the intangible assets specifically associated with them (see Note 6). In this case, impairment losses on these intangible assets could arise even when the related goodwill is not impaired.

The impairment losses on non-financial assets recognised previously (other than goodwill) are reviewed for possible reversal at each reporting date.

In order to estimate value in use, the future cash flows of the asset analysed (or of the cash-generating unit to which it belongs) are discounted to their present value using a discount rate that reflects market conditions and the risk specific to the asset. Where the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised for the amount of the difference with a charge to the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, without exceeding the carrying amount existing prior to the recognition of the impairment loss, less any depreciation or amortisation that should have been recognised. The reversal of an impairment loss on an asset is credited to the consolidated income statement.

The method used by the Group to test impairment distinguishes between businesses with indefinite and definite lives. Five-year projections and a perpetuity rate of return from the sixth year are used for businesses with indefinite lives. Projections based on the actual term of the related contract are used for assets with finite lives relating to the rendering of services or concessions. In this case, the probability of their renewal was not considered in preparing the related cash flow projections.

In both cases the projections were based on reasonable and well-founded assumptions and were prepared in accordance with the Group's strategic plan for 2015-2019 based on past experience and the best estimates available at the date on which the related impairment tests were carried out using the market information available. The projections envisage growth in volume and improvements to margins arising solely from the organic growth that the Parent's management expects for the coming years. Consequently, the possible acquisitions or mergers that might take place in the future were not taken into account in the projections and impairment tests.

Together with the impairment test on the various cash-generating units carried out at least at each year-end, the Group also performs a sensitivity analysis of the main assumptions affecting the calculation. The main assumptions used by the Group in testing for impairment and the results of the sensitivity analysis are described in Note 6.

For the purpose of conducting the impairment tests, the goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is controlled for internal management purposes.

*e) **Financial assets***

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables.

The classification of financial assets depends on their nature and purpose at the time of their initial recognition. All acquisitions and sales of financial assets are recognised and derecognised at the transaction date.

At 2014 year-end the only financial assets the Group had were held-to-maturity investments (see Notes 8 and 11) and loans and receivables (see Note 10).

The effective interest method is used to measure the amortised cost of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial instrument. However, given the nature of the assets classified under "Financial Assets", they are generally recognised at their original acquisition cost, since they mature within less than one year.

Upon completion of such impairment tests as might be required, any losses arising therefrom are recognised directly by reducing the amounts presented under "Non-Current Financial Assets" in the consolidated balance sheet.

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, non-recourse factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting and the recourse factoring.

Lastly, at least at each balance sheet date, it is determined whether there is any indication that an asset or group of assets might have become impaired so that an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.

*f) **Information on the environment***

Environmental assets are considered to be assets used on a lasting basis in the operations of the Group companies whose main purpose is to minimise adverse environment effects and to protect and enhance the environment, including the reduction or elimination of the pollution caused in the future by the Applus Group's operations.

In view of the Group's business activity, at 31 December 2014 and 2013 it did not have any significant assets of this nature.

*g) **Operating and finance leases***

The Group has been assigned the right to use certain assets under leases. Leases that transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases; otherwise they are classified as operating leases.

Finance leases

At the commencement of the finance lease term, the Group recognises an asset and a liability for the lower of the fair value of the leased asset and the present value of the minimum lease payments. The initial direct costs are included as an increase in the value of the asset. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period in the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are recognised as an expense when it is probable that they will be incurred.

These assets are depreciated using similar criteria to those applied to the items of property, plant and equipment owned or, if shorter, over the lease term.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, unless some other systematic basis of allocation is more representative of the time pattern of the benefits generated.

Leases do not have grace periods or compensation clauses giving rise to a future payment obligation that could have a significant impact on these consolidated financial statements.

h) Inventories

Inventories are stated at weighted average cost, which comprises materials and, where applicable, direct labour costs and other costs that have been incurred in bringing the inventories to their present location and condition.

The Group assesses the net realisable value of the inventories at the end of each year and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

i) Trade and other receivables

Trade and other receivables are recognised at their recoverable amount, i.e. reduced, as appropriate, by the adjustments required to cover balances of a certain age (generally more than one year old), in the event that they can reasonably be classified as doubtful receivables in the circumstances.

The heading also includes the balances of Projects in progress pending to be billed in relation to the execution of work to order for which a firm agreement generally exists.

j) Current financial assets, cash and cash equivalents

Current financial assets relate mainly to cash surpluses invested in short-term fixed-income securities that are generally held to maturity and are recognised at acquisition cost. Interest income is calculated on a time proportion basis in the year in which it accrues.

The balance of cash and cash equivalents recognised in the consolidated balance sheets at 31 December 2014 and 2013 includes the bank balances, available cash and the current financial assets maturing within three months.

k) Government grants

Government grants related to property, plant and equipment are treated as deferred income and are taken to income over the expected useful lives of the assets concerned. In addition, the Group accounts for other grants, donations and legacies received as follows:

a) Non-refundable grants, donations or legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.

b) Refundable grants: while they are refundable, they are recognised as a non-current liability.

c) Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

l) Provisions and contingent liabilities

When preparing the consolidated financial statements the Parent's Directors make a distinction between:

- Provisions:

  The Group recognises a provision where it has an obligation or liability to a third party arising from past events the settlement of which will give rise to an outflow of economic benefits whose amount and/or timing are not known with certainty but can be reasonably reliably estimated. Provisions are quantified on the basis of the best information available on the event and the consequences of the event and are reviewed and adjusted at the end of each reporting period. The provisions made are used to cater for the specific risks for which they were originally recognised, and are fully or partially reversed when such risks cease to exist or are reduced.

- Contingent liabilities:

  Contingent liabilities are all the possible obligations that arise from past events and whose future existence and associated loss are estimated to be unlikely. In accordance with IFRSs, the Group does not recognise any provision in this connection. However, as required, the contingent liabilities are disclosed in Note 27-b.

The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the accompanying consolidated financial statements. Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of past events with respect to which it is more likely than not to entail an outflow of resources to settle the obligation and when the amount thereof has been estimated reliably.

Provisions are recognised when the unavoidable costs of meeting the obligations under onerous contracts exceed the benefits expected to be received thereunder.

Provisions are measured at the present value of the amount necessary to settle the obligation at the balance sheet date based on the best estimate available.

When it is expected that a portion of the disbursement necessary to settle the provision will be reimbursed by a third party, the reimbursed amount is recognised as an independent asset, provided that receipt thereof is virtually assured.

m) Derivative financial instruments and hedge accounting

The Group uses financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets. The Group does not use derivative financial instruments for speculative purposes.

The Group's use of financial derivatives is governed by and envisaged in its policies, which provide guidelines for their use (see Note 16).

The sole financial derivative product held by the Group at 31 December 2014,, is the one related to treasury shares detailed in Note 3.z. In 2014 the Group did not arrange any other financial derivative products either.

n) Pension obligations, post-employment benefits and other employee benefit obligations

The defined benefit liability recognised in the consolidated balance sheet relates to the present value of the defined benefit obligations existing at year-end, less the fair value at the aforementioned date of the plan assets.

The income or expense related to the defined benefit plans is recognised in the consolidated income statement and is obtained as a result of the addition of revenue from services in 2014 and the actuarial losses. The difference between the projected and actual performance of the plan assets forms part of the actuarial gains or losses. Also, the Group immediately recognises the past service cost as a period expense in the consolidated income statement.

The present value of the defined benefit obligations, the cost of services rendered and past service costs are calculated annually by independent actuaries in accordance with the projected unit credit method. The discount interest rate is determined based on the market rates of high-quality company bonds and debentures denominated in the currency in which the benefits will be paid and with terms and maturities similar to those of the related benefits.

The asset or liability for defined benefits is recognised as current or non-current based on the realisation period or maturity of the related benefits.

The group recognises the contributions to the defined contribution plans while workers render their services. The amount of the contributions earned by the employees is registered as an expense in the consolidated income statement and as a liability if the amounts paid are inferior to the expense. In case that the amounts paid are higher than the expense, the Group only recognizes assets in the way that can be used to offset the future payments, or can be settled in cash.

The contributions made are registered under the epigraph "staff costs" in the consolidated income statement.

However, the Group's defined benefit and defined contribution pension and other post-employment benefit obligations are not material (see Note 17).

Other employee benefit obligations

The Group has established specific employee remuneration plans based on the following characteristics:

a) Variable remuneration for certain executives of the Group subject to the achievement of certain financial aggregates in 2014.

b) Variable three-yearly remuneration for certain executives of the Group subject to the achievement by the Group of certain financial aggregates in 2014, 2015 and 2016 (see Notes 19 and 29).

c) Special incentive plan granted to certain executives of the Group that consists of conferring RSU's (convertibles in Group shares) in favour of the senior executives based on a continuing service for a determined period of time. The first delivery of shares will be made in May 2015 (see Notes 19 and 29).

o) Debts and current/non-current classification

Debts are recognised at their present value and are classified on the basis of their maturity at the reporting date, i.e. debts due to be settled within twelve months are classified as current liabilities and those due to be settled within more than twelve months are classified as non-current liabilities.

p) *Financial liabilities*

Financial liabilities are classified into the following categories: financial liabilities at fair value through the consolidated income statement and other financial liabilities.

At 2014 year-end the Group only had other financial liabilities. Other financial liabilities (including loans and trade and other payables) are recognised at amortised cost using the effective interest method.

Effective interest method

The effective interest method is used to measure the amortised cost of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of a financial instrument. The Group recognises trade payables at their nominal value, without any explicit interest accrual, since they mature within less than one year.

The Group derecognises financial liabilities only when the obligations are settled, cancelled or expire. The difference between the carrying amount of derecognised financial liabilities and the payment made is recognised in the consolidated income statement.

q) *Transactions in currencies other than the euro*

The Group's functional currency is the euro. Therefore, all balances and transactions in currencies other than the euro are deemed to be "foreign currency transactions". At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing on the balance sheet date. Any resulting gains or losses are recognised directly in the consolidated income statement. The balances in the financial statements of the consolidated companies with a functional currency other than the euro are translated to euros as follows:

- Assets and liabilities are translated by applying the exchange rates prevailing at the reporting date.

- Income, expenses and cash flows are translated at the average exchange rates for the year.

- Equity items are translated at the historical exchange rates.

- Translation differences arising as a consequence of the application of this method are presented under "Equity Attributable to Shareholders of the Parent - Foreing Currency translation reserve" in the accompanying consolidated balance sheet.

The detail of the equivalent euro value of the main assets in foreign currency held by the Group at 31 December 2014 and 2013 is as follows (in thousands of euros):

Balances held in:	31/12/2014	31/12/2013
US dollar	446,118	387,530
Canadian dollar	66,606	69,674
Pound sterling	55,854	53,463
Danish krone	55,593	56,936
Chilean peso	39,220	16,617
Australian dollar	37,252	44,137
Qatari riyal	22,213	15,100
Singapore dollar	21,219	22,294
Colombian peso	19,620	22,075
United Arab Emirates dirham	16,755	14,775
Brazilian real	15,821	13,751
Chinese yuan	15,549	13,243
Czech koruna	14,309	12,467
Saudi riyal	13,687	10,830
Malaysian ringgit	11,120	10,682
Indonesian rupiah	10,643	11,962
Norwegian krone	9,469	8,795
Argentine peso	8,854	8,246
Mexican peso	7,145	6,752
Papua New Guinean kina	5,784	3,806
Other	31,383	32,746
Total	**924,214**	**835,881**

The detail of the main foreign currency balances according to their nature at year end 2014 and 2013 is as follows:

2014

Nature of the balances	Thousands of euros						
	US dollar	Danish krone	Canadian dollar	Pound sterling	Australian dollar	Chilean peso	Czech koruna
Non-current assets	304,324	52,322	46,678	33,494	24,811	26,365	6,955
Current assets	141,795	3,271	19,928	22,360	12,441	12,856	7,354
Liabilities – equity	298,318	4,680	5,185	9,890	6,783	4,304	4,541

Nature of the balances	Thousands of euros						
	Brazilian real	Chinese yuan	Colombian peso	Norwegian krone	Singapore dollar	Qatari riyal	Mexican peso
Non-current assets	7,220	6,079	2,066	4,517	3,108	1,539	1,768
Current assets	8,601	9,471	17,555	4,952	18,112	20,674	5,378
Liabilities – equity	3,641	3,924	8,600	2,738	4,490	7,635	2,842

Nature of the balances	Thousands of euros						
	Malaysian ringgit	Papua New Guinean kina	Argentine peso	Saudi riyal	Indonesian rupiah	United Arab Emirates dirham	Other
Non-current assets	2,901	215	814	930	190	916	4,426
Current assets	8,219	5,570	8,040	12,757	10,454	15,839	26,954
Liabilities – equity	31,910	2,147	3,351	5,306	6,237	4,825	7,739

2013

Nature of the balances	Thousands of euros						
	US dollar	Danish krone	Canadian dollar	Pound sterling	Australian dollar	Chilean peso	Czech koruna
Non-current assets	285,951	52,753	45,831	30,843	23,477	8,183	7,094
Current assets	101,579	4,183	23,843	22,620	20,660	8,434	5,373
Liabilities – equity	308,680	5,367	8,135	10,269	13,072	2,356	3,290

Nature of the balances	Thousands of euros						
	Brazilian real	Chinese yuan	Colombian peso	Norwegian krone	Singapore dollar	Qatari riyal	Mexican peso
Non-current assets	5,467	5,531	4,534	4,553	2,909	1,524	1,531
Current assets	8,284	7,712	17,541	4,242	19,385	13,576	5,221
Liabilities – equity	3,747	2,242	9,657	2,334	5,339	5,624	2,790

Nature of the balances	Thousands of euros						
	Malaysian ringgit	Guatemalan quetzal	Argentine peso	Saudi riyal	Indonesian rupiah	United Arab Emirates dirham	Other
Non-current assets	841	268	1,232	1,114	1,005	941	6,140
Current assets	9,841	4,006	7,014	9,716	10,957	13,834	26,138
Liabilities – equity	26,278	335	3,810	4,656	7,260	6,336	8,143

The average and closing rates used in the translation to euros of the balances held in foreign currency for years 2014 and 2013 are as follows:

1 Euro	2014		2013	
	Average rate	Closing rate	Average rate	Closing rate
Danish krone	7.46	7.44	7.46	7.46
Norwegian krone	8.34	9.31	7.79	8.48
Czech koruna	27.55	27.63	25.92	27.57
United Arab Emirates dirham	4.90	4.58	4.87	5.05
Canadian dollar	1.47	1.45	1.36	1.46
Singapore dollar	1.69	1.63	1.66	1.73
US dollar	1.33	1.25	1.33	1.38
Papua New Guinean kina	3.52	3.33	3.10	3.55
Pound sterling	0.81	0.79	0.85	0.84
Argentine peso	10.79	10.66	7.23	8.67
Chilean peso	758.04	771.80	656.23	726.40
Colombian peso	2,655.94	3,064.00	2,479.33	2,664.94
Mexican peso	17.66	18.34	16.92	17.78
Brazilian real	3.12	3.40	2.86	3.21
Qatari riyal	4.86	4.54	4.84	5.06
Malaysian ringgit	4.35	4.34	4.19	4.52
Saudi riyal	5.00	4.68	4.98	5.16
Indonesian rupiah	15,773.61	15,857.60	13,814.44	16,498.20
Chinese yuan	8.20	7.64	8.23	8.41

r) Corporate income tax, deferred tax assets and deferred tax liabilities

The corporate income tax expense represents the sum of the current corporate income tax expense and the effect of the changes in deferred tax assets and liabilities. The corporate income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities. Certain Group companies with registered office in Spain file consolidated tax returns as part of tax group 238/08 of which Applus Services, S.A. is the Parent. The Spanish consolidated tax Group comprises the following companies:

Companies	
Applus Services S.A.	LGAI Technological Center, S.A.
Applus Servicios Tecnológicos, S.L.U.	Applus Energy, S.L.U.
Idiada Automotive Technology, S.A.	Ringal Invest, S.L.U.
Applus Norcontrol, S.L.U.	Applus Automotive Services, S.L.U.
Novotec Consultores S.A.U.	Applus Iteuve Technology, S.L.U.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax credits for tax losses carryforwards and other tax credits. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those associated to investments in subsidiaries, branches and associates, or with share in a joint venture, when the Group can control when to revert the temporary difference and it is considered probable that will not be reverted in a foreseeable future.

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised. The other deferred tax assets (tax credits for tax losses carryforwards and other tax credits) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

s) Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, value added tax (or equivalent tax) and other sales-related taxes.

Revenue associated with the rendering of services is also recognised by reference to the percentage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be estimated reliably. In particular, revenue from projects in progress related to the multi-industry certification or engineering business is recognised by the Group on the basis of the percentage of completion of each individual project, giving rise to a balancing entry consisting of an asset for the difference between the amount billed and the amount yet to be billed for each project.

A part of the Group's activity consists of the execution of work under contract for which a firm agreement generally exists.

As regards work units completed for output, each year the Group recognises as profit or loss the difference between period output and the costs incurred during the year. Output each year is measured at the selling price of the units completed in the year that, since they are covered by the contract entered into with the owners, do not give rise to any reasonable doubts regarding their final billing.

t) Expense recognition

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the increase of a liability or the reduction of an asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

u) Discontinued operations

A discontinued operation is a business segment that it has been decided to abandon and/or dispose of in full whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

Pursuant to IFRS 5, the revenue and expenses of discontinued operations are presented separately in the consolidated income statement and the net assets and net liabilities are presented separately in consolidated current assets and consolidated current liabilities, respectively, for the current period only.

The Group did not discontinue any significant operation in 2014 or 2013.

v) Segment information

The business segments broken down in the notes to the consolidated financial statements are consistently included by the Parent's Directors on the basis of the available internal information.

The operating segments are the components of the Applus Group that involve business activities from which income is generated and expenses are incurred, including ordinary income and expenses arising from transactions with other Group components. Financial information on segments is regularly disclosed and operating results are reviewed by the Group's Directors with a view to deciding on the resources that should be allocated to the segments and evaluating their performance.

The Parent's Directors considered the following segments in these consolidated financial statements of the Applus Group: Applus + RTD, Applus + Velosi, Applus + Norcontrol, Applus + Laboratories, Applus + Automotive, Applus + IDIADA and Others.

w) Consolidated statement of cash flows

The following terms are used in the consolidated statements of cash flows:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the Group's principal revenue-producing activities and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

x) Equity

The share capital is represented by ordinary shares.

The costs relating to the issuance of new shares or options, net of taxes, are recognised directly in equity as a reduction of reserves.

Dividends on ordinary shares are recognised as a decrease in equity when approved.

y) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the Parent by the weighted average number of ordinary shares outstanding in the year, excluding the average number of shares of the Parent held by the Group companies.

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current year.

z) Treasury shares

In October 2014 the Group arranged an equity swap with a bank to cover the acquisition cost of 550,000 treasury shares, to be partially delivered to Group executives in May 2015 (see Notes 12 and 16). Since such contract is an equity instrument the accounting principles described in Note 3.m, do not apply.

Acquisitions of treasury shares are recognised at acquisition cost, reducing equity until they are sold. The gains and losses obtained on the disposal of treasury shares are recognised in "Reserves" in the accompanying consolidated balance sheet.

4. Goodwill

The detail, by cash-generating unit, of the goodwill at the end of 2014 and 2013 is as follows:

Cash-generating unit	Thousands of euros					
	31/12/14			31/12/13		
	Gross value	Accumulated impairment losses	Net value	Gross value	Accumulated impairment losses	Net value
Auto Spain (*)	170,972	-	170,972	170,972	-	170,972
RTD Europe	139,287	(36,101)	103,186	139,287	(36,101)	103,186
RTD US and Canada	66,142	-	66,142	63,058	-	63,058
IDIADA	56,433	-	56,433	56,555	-	56,555
Velosi	26,888	-	26,888	26,469	-	26,469
Norcontrol Spain	21,708	(11,370)	10,338	21,708	(11,370)	10,338
Laboratories	29,239	-	29,239	29,239	-	29,239
RTD Asia and Pacific	27,490	(15,674)	11,816	27,471	(15,674)	11,797
Auto Denmark	7,501	(642)	6,859	7,501	(642)	6,859
Auto US (*)	23,274	(17,133)	6,141	23,274	(17,133)	6,141
Norcontrol Latam	14,545	-	14,545	1,982	-	1,982
Auto Finland	52,782	(52,782)	-	52,782	(52,782)	-
Other	1,150	-	1,150	1,286	-	1,286
Total goodwill	**637,411**	**(133,702)**	**503,709**	**621,584**	**(133,702)**	**487,882**

(*) Includes the aggregate business of various concessions and administrative authorisations (see Notes 3.d and 5).

The changes in 2014 and 2013 were as follows:

	Thousands of euros
Balance at 1 January 2013	**571,168**
Changes in the scope of consolidation (Note 2.b.e.4)	9,113
Translation differences	(8,413)
Disposals	(2,701)
Impairment	(81,285)
Balance at 31 December 2013	**487,882**
Changes in the scope of consolidation (Note 2.b.e.1)	12,563
Translation differences	3,264
Impairment	-
Balance at 31 December 2014	**503,709**

The changes in the scope of consolidation in 2014 related mainly to the acquisition of the Ingelog Group for EUR 12,563 thousand, which corresponds to the Norcontrol Latam cash-generating unit (see Note 2.b.e.1).

The changes in the scope of consolidation in 2013 related mainly to the acquisition of Testex Inspection, LLC and Applus Velosi OMS Co, Ltd for EUR 7,565 thousand and EUR 1,390 thousand, respectively, which correspond to the Velosi cash-generating unit.

The assumptions used in the tests to determine the impairment recognised in 2014 and 2013 are detailed in Note 6.

5. Other intangible assets

The changes in 2014 and 2013 in intangible asset accounts and in the related accumulated amortisation were as follows:

	2014 - Thousands of euros						
	Balance at 1 January 2014	Changes in the scope of consolidation (Note 2.b.e.1)	Additions or charge for the year	Disposals or reductions	Transfers (Note 7)	Changes in exchange rates and other	Balance at 31 December 2014
Cost:							
Administrative concessions	112,164	-	-	-	-	-	112,164
Patents, licences and trademarks	271,970	-	1,779	-	(1,086)	69	272,732
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	139,501	-	-	-	-	442	139,943
Computer software	49,932	(541)	3,637	(448)	2,215	900	55,695
Goodwill acquired	12,132	(160)	-	(2,616)	1	328	9,685
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	37,919	(437)	3,502	(11,203)	(1,789)	2,174	30,166
Total cost	**956,488**	**(1,138)**	**8,918**	**(14,267)**	**(659)**	**3,913**	**953,255**
Accumulated amortisation:							
Administrative concessions	(49,690)	-	(6,269)	-	-	(2,706)	(58,665)
Patents, licences and trademarks	(60,273)	-	(12,697)	-	(353)	124	(73,199)
Administrative authorisations	(33,257)	-	(15,994)	-	-	156	(49,095)
Customer portfolio	(47,026)	-	(8,516)	-	(184)	(73)	(55,799)
Computer software	(43,777)	594	(3,334)	433	(1,109)	(527)	(47,720)
Goodwill acquired	(105)	27	-	-	-	-	(78)
Asset usage rights	(29,470)	-	(3,052)	-	13	(21)	(32,530)
Other	(22,313)	141	(4,689)	11,203	2,433	(1,247)	(14,472)
Total accumulated amortisation	**(285,911)**	**762**	**(54,551)**	**11,636**	**800**	**(4,294)**	**(331,558)**
Total impairment losses (Note 6)	**(37,882)**	-	-	-	-	-	**(37,882)**
Total carrying amount	**632,695**	**(376)**	**(45,633)**	**(2,631)**	**141**	**(381)**	**583,815**

	2013 - Thousands of euros						
	Balance at 1 January 2013	Changes in the scope of consolidation (Note 2.b.e.4)	Additions or charge for the year	Disposals or reductions	Transfers (Note 7)	Changes in exchange rates and other	Balance at 31 December 2013
Cost:							
Administrative concessions	112,164	-	-	-	-	-	112,164
Patents, licences and trademarks	271,952	-	93	-	15	(90)	271,970
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	139,501	-	-	-	-	-	139,501
Computer software	46,812	131	3,180	(156)	1,056	(1,091)	49,932
Goodwill acquired	9,334	-	3,211	-	9	(422)	12,132
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	28,880	8	4,920	(13)	4,913	(789)	37,919
Total cost	**941,513**	**139**	**11,404**	**(169)**	**5,993**	**(2,392)**	**956,488**
Accumulated amortisation:							
Administrative concessions	(41,855)	-	(7,835)	-	-	-	(49,690)
Patents, licences and trademarks	(46,827)	-	(13,432)	(69)	-	55	(60,273)
Administrative authorisations	(17,523)	-	(15,734)	-	-	-	(33,257)
Customer portfolio	(37,148)	-	(9,730)	-	-	(148)	(47,026)
Computer software	(36,935)	(132)	(7,337)	115	(75)	587	(43,777)
Goodwill acquired	(106)	-	-	-	-	1	(105)
Asset usage rights	(25,990)	-	(3,471)	-	(9)	-	(29,470)
Other	(18,741)	-	(2,888)	(7)	(1,377)	700	(22,313)
Total accumulated amortisation	**(225,125)**	**(132)**	**(60,427)**	**39**	**(1,461)**	**1,195**	**(285,911)**
Total impairment losses (Note 6)	**-**	**-**	**(37,882)**	**-**	**-**	**-**	**(37,882)**
Total carrying amount	**716,388**	**7**	**(86,905)**	**(130)**	**4,532**	**(1,197)**	**632,695**

Identification and measurement of intangible assets in business combinations

In 2014 the Group completed the process of measuring at fair value the assets and liabilities of Applus Velosi OMS Co Ltd. and Testex Inspection LLC, acquired on 12 December 2013. The measurement of the assets and liabilities did not disclose any intangible assets.

In 2014 the Group's measurement at fair value of the assets and liabilities of the Ingelog Group, acquired on 29 October 2014, was being performed and the fair value of the assets and liabilities acquired as part of the aforementioned business combination was provisionally recognised.

In 2012 the Group's measurement at fair value of the assets and liabilities of Assinco - Assessoria, Inspeçao e Controle, Ltda., acquired on 9 June 2011, of BK Werkstofftechnik - Prüfstelle Für Werkstoffe, GmbH., acquired on 27 July 2011, and of Kiefner & Associates, Inc., acquired on 16 November 2011, was completed and the fair value of the assets and liabilities acquired was definitively and retrospectively recognised. In the measurement of assets and liabilities intangible assets were identified amounting to EUR 5,577 thousand (EUR 3,796 thousand net of the related tax effect at the date of valuation) relating to a customer portfolio, which are being amortised over 15 years.

In 2012, based on a valuation by an independent valuer, the Group carried out the assessment at fair value of the assets and liabilities of the Velosi Group acquired on 20 December 2012. The measurement of the assets acquired and liabilities assumed identified intangible assets valued at EUR 62,407 thousand (EUR 55,363 thousand net of the related tax effect) relating to the following:

	Amount (thousands of euros)
Trademark	26,183
Customer portfolio	19,012
Trademark licence agreement	16,939
Databases	273
Total	**62,407**

In 2011 the Group's assessment of the assets and liabilities of Quality Inspection Services, Inc. acquired on 26 February 2010 and of Valley Industrial X-Ray and Inspection Services, Inc. acquired on 9 April 2010 was completed and the goodwill generated on these acquisitions was definitively and retrospectively recognised. In the measurement of assets and liabilities intangible assets were identified amounting to EUR 24,354 thousand (EUR 17,048 thousand net of the related tax effect at the date of valuation) relating to a customer portfolio.

In 2008, based on a valuation by an independent expert, the assessment of the assets and liabilities acquired by the Parent from the Applus Group on 29 November 2007 was completed and the fair value of the assets and liabilities arising from the acquisition was definitively and retrospectively recognised. Assets of EUR 734,957 thousand (EUR 514,470 thousand net of the related tax effect at the date of valuation) were identified when measuring the assets and liabilities.

The deferred taxes of such business combinations are calculated at a 28% for 2015 and at a 25% for the remaining years (30% as at 31 December 2013, see Note 20), except for the deferred tax of Velosi Group. The deferred tax of EUR 7,044 thousand arising from this combination amounts to 13% since the customer portfolio relates mainly to Middle Eastern countries with a non-existent or very low tax rate, the trademark license agreement relates mainly to the Malaysian company with a 25% tax rate and the future taxation of the surplus from the trademark relating to the Luxembourg-based Parent will only amount to 6%.

The assets and liabilities identified in the four combinations referred to above are as follows:

	Thousands of euros	
	31/12/14	31/12/13
Administrative authorisations	259,910	259,910
Applus and RTD trademarks	228,441	228,441
Administrative concessions	102,319	102,319
RTD customer portfolio	67,949	67,949
Rights of use	57,515	57,515
Quality and Valley customer portfolio	24,354	24,354
Velosi trademark	26,183	26,183
Velosi customer portfolio	19,012	19,012
UF Norcontrol contract	18,822	18,822
Velosi trademark licence agreement	16,939	16,939
Assinco, BKW and Kiefner customer portfolios	5,577	5,577
Velosi databases	273	273
Total allocation of goodwill to assets	**827,294**	**827,294**

The most significant assumptions used to measure at fair value the assets identified in the business combinations were as follows:

- The income approach and specifically the multi-period excess earnings method, whereby the value of the asset is the present value of the projected flows from that asset over the useful life assigned to the related contract, was used to calculate the fair value of administrative authorisations.

- The royalty relief method, whereby the value of the asset is the present value of future royalty income from the use of the trademarks by the licensees, was used to calculate the value of the trademarks and trademark licence agreements.

- The income approach and specifically the multi-period excess earnings method, taking into account the useful lives of the customers and the discounted revenue they account for, was used to calculate the value of the customer portfolios.

- The income approach and specifically the multi-period excess earnings method, whereby the value of the asset is the present value of the projected flows over the useful life assigned to the related contract, was used to calculate the fair value of administrative concessions and rights of use. The possibility of contract renewals for cash-generating units with finite lives was not considered.

The main intangible assets are therefore as follows:

- Administrative authorisations and concessions:

The administrative authorisations relate to vehicle roadworthiness testing services in Spain and abroad which the Group manages under this name. The main administrative authorisations relate to Spain and Finland. In the case of Spain, considering the opinion of the Group's advisers regarding the possible positioning of the Catalonia Autonomous Community Government regarding the renewal of the administrative authorisation of that Autonomous Community at finalization of the current established period, which concludes in 2035, management decided in 2013 to start amortizing the cost of the authorisation over the 23 years remaining to maturity, until 2035. (See Note 27-b). In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in ten years and, therefore, it is being amortised over this period, up until 2020.

Administrative Concessions includes mainly the operating rights for vehicle roadworthiness testing facilities for a specified period of time. At 31 December 2014, the Applus Group was managing various administrative concessions relating to vehicle roadworthiness testing services, mainly in the US, Spain (Alicante, Aragon, the Basque Country and Menorca), Ireland, Argentina and Chile. These administrative concessions, which are amortised on the basis of their useful life, expire on various dates from 2015 to 2023.

For the specific case of the cash-generating-units of Auto Spain and Auto USA, even though intangible assets classified, on an individual basis, as concessions and administrative authorisations subject to impairment tests measured individually (based on Autonomous Community in Spain, and on states in North America, respectively), the business synergies relating to the various concessions and authorisations in both countries are also taken into account. In this regard, the goodwill is allocated to the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets since, in the Applus + Automotive segment, geographical location is taken into account as the main factor for determining CGUs, since geographical areas involve the same applicable legislation and regulations in a regulated industry, a common currency and macroeconomic variables that are closely linked to the capacity to generate economic flows and, therefore, to growth capacity. In addition, all of the authorisations and concessions managed in the various countries are unified under one single management. The purpose of this unified management is, inter alia, to manage the various risks and relationships with regulators more efficiently and in a more coordinated manner.

With respect to the intangible assets, each of the concessions or authorisations is granted by means of a concession tender process or regulatory resolution, the existence of a tender process or resolution being habitual at Autonomous Community level in the case of Spain, or at a State level in the case of the United States.

- Patents, licences and trademarks:

"Patents, Licences and Trademarks" includes the Applus, RTD and Velosi trademarks and the Velosi trademark licence agreement. The three trademarks are considered to have a finite useful life. The first two are being amortised over 25 years while the Velosi trademark is being amortised over 10 years. The Velosi trademark licence agreement is also being amortised over 10 years.

- Customer portfolio:

The customer portfolio relates to the value of the various contracts entered into by the various Group companies. For the purposes of valuation, the probability of renewal and contract term were taken into account. The contracts are being amortised over the estimated useful life thereof, as follows:

	Years of estimated useful life
RTD Europe and Asia-Pacific customer portfolio	25
RTD US and Canada customer portfolio	15-25
Velosi customer portfolio	5
Laboratories Customer portfolio	15
Norcontrol Latam customer portfolio	15

- Asset usage rights:

These include mainly the carrying amounts of the usage rights transferred by Laboratori General d'Assaig i Investigació (now the Catalonia Autonomous Community Government) on the incorporation of LGAI Technological Center, S.A. and the carrying amount of the assets assigned by Institut d'Investigació Aplicada de l'Automòbil (now Empresa de Promoció i Localització Industrial de Catalunya (AVANÇSA)) to Idiada Automotive Technology, S.A., relating basically to machinery and other fixtures. These usage rights are amortised over the shorter of the useful life of the assets and the estimated useful life of the licensing agreements, which last until 2024 (IDIADA) and 2033 (Laboratories).

Intangible assets by cash-generating unit

The detail, by cash-generating unit, of the intangible assets at year end 2014 and 2013 is as follows:

	2014 - Thousands of Euros													
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcontrol Spain	Laboratories	RTD Asia and Pacific	Auto US	Norcontrol Latam	Auto Denmark	Others	Total
Cost:														
Administrative concessions	94,102	-	-	-	-	-	182	-	-	17,880	-	-	-	**112,164**
Patents, licences and trademarks	18,598	89,550	10,144	43,122	28,210	12,294	40,096	8,772	15,440	6,361	-	-	145	**272,732**
Administrative authorisations	165,985	-	93,925	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio	-	41,532	-	19,012	47,718	-	18,822	4,142	8,119	-	598	-	-	**139,943**
Computer software	3,275	5,934	13	2,178	651	4,567	6,175	3,212	254	7,524	1,832	1,962	18,118	**55,695**
Goodwill acquired	-	111	769	-	3,555	3,538	1,381	265	-	-	-	66	-	**9,685**
Asset usage rights	1,241	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,960**
Other	702	10,084	353	273	-	11,733	3,387	1,699	-	990	4	941	-	**30,166**
Total cost	**283,903**	**147,211**	**105,204**	**64,585**	**80,134**	**68,861**	**70,046**	**53,077**	**23,813**	**32,755**	**2,434**	**2,969**	**18,263**	**953,255**
Accumulated amortisation:														
Administrative concessions	(49,193)	-	-	-	-	-	(182)	-	-	(9,290)	-	-	-	**(58,665)**
Patents, licences and trademarks	(5,276)	(24,602)	(2,810)	(8,624)	(7,993)	(3,498)	(11,509)	(2,485)	(4,375)	(1,885)	-	-	(142)	**(73,199)**
Administrative authorisations	(13,447)	-	(35,648)	-	-	-	-	-	-	-	-	-	-	**(49,095)**
Customer portfolio and other	-	(11,767)	-	(7,605)	(14,216)	-	(18,822)	(951)	(2,300)	-	(138)	-	-	**(55,799)**
Computer software	(2,881)	(5,201)	(13)	(1,454)	(453)	(3,297)	(5,439)	(2,515)	(205)	(6,097)	(1,382)	(1,903)	(16,880)	**(47,720)**
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	-	**(78)**
Asset usage rights	(1,196)	-	-	-	-	(11,826)	(3)	(19,505)	-	-	-	-	-	**(32,530)**
Other	(253)	(3,596)	(144)	(109)	-	(6,610)	(1,704)	(1,445)	-	(610)	(1)	-	-	**(14,472)**
Total accumulated amortisation	**(72,246)**	**(45,166)**	**(38,615)**	**(17,792)**	**(22,662)**	**(25,231)**	**(37,730)**	**(26,908)**	**(6,880)**	**(17,882)**	**(1,521)**	**(1,903)**	**(17,022)**	**(331,558)**
Total net value	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	-	**(5,972)**	-	-	-	**(37,882)**
Total carrying amount	**204,606**	**85,301**	**58,474**	**46,793**	**57,472**	**43,630**	**32,316**	**26,169**	**16,933**	**8,901**	**913**	**1,066**	**1,241**	**583,815**

	2013 – Thousands of Euros													
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcontrol Spain	Laboratories	RTD Asia and Pacific	Auto US	Norcontrol Latam	Auto Denmark	Others	Total
Cost:														
Administrative concessions	94,102	-	-	-	-	-	182	-	-	17,880	-	-	-	**112,164**
Patents, licences and trademarks	18,598	89,395	10,162	43,122	28,210	12,274	40,096	8,772	15,440	5,759	-	-	142	**271,970**
Administrative authorisations	165,985	-	93,925	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio	-	41,532	-	19,012	47,276	-	18,822	4,142	8,119	-	598	-	-	**139,501**
Computer software	3,104	5,654	25	321	535	3,847	6,364	3,161	207	5,343	1,617	1,899	17,855	**49,932**
Goodwill acquired	-	112	3,385	-	3,540	3,211	1,553	266	-	-	-	65	-	**12,132**
Asset usage rights	1,241	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,960**
Other	544	6,914	241	273	-	10,132	3,230	2,002	-	13,718	4	861	-	**37,919**
Total cost	**283,574**	**143,607**	**107,738**	**62,728**	**79,561**	**66,193**	**70,250**	**53,330**	**23,766**	**42,700**	**2,219**	**2,825**	**17,997**	**956,488**
Accumulated amortisation:														
Administrative concessions	(40,760)	-	-	-	-	-	(182)	-	-	(8,748)	-	-	-	**(49,690)**
Patents, licences and trademarks	(4,531)	(21,754)	(2,467)	(4,312)	(6,864)	(2,987)	(9,913)	(2,135)	(3,757)	(1,412)	-	-	(141)	**(60,273)**
Administrative authorisations	(6,184)	-	(27,073)	-	-	-	-	-	-	-	-	-	-	**(33,257)**
Customer portfolio and other	-	(10,106)	-	(3,802)	(11,547)	-	(18,822)	(675)	(1,976)	-	(98)	-	-	**(47,026)**
Computer software	(2,711)	(4,993)	(6)	(246)	(320)	(2,830)	(5,367)	(2,486)	(170)	(5,339)	(1,428)	(1,829)	(16,052)	**(43,777)**
Goodwill acquired	-	-	-	-	-	-	(98)	(7)	-	-	-	-	-	**(105)**
Asset usage rights	(1,172)	-	-	-	-	(10,156)	(3)	(18,139)	-	-	-	-	-	**(29,470)**
Other	(195)	(2,547)	(81)	(55)	-	(5,365)	(1,190)	(1,242)	-	(11,634)	(4)	-	-	**(22,313)**
Total accumulated amortisation	**(55,553)**	**(39,400)**	**(29,627)**	**(8,415)**	**(18,731)**	**(21,338)**	**(35,575)**	**(24,684)**	**(5,903)**	**(27,133)**	**(1,530)**	**(1,829)**	**(16,193)**	**(285,911)**
Total net value	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	-	**(5,972)**	-	-	-	**(37,882)**
Total carrying amount	**220,970**	**87,463**	**69,996**	**54,313**	**60,830**	**44,855**	**34,675**	**28,646**	**17,863**	**9,595**	**689**	**996**	**1,804**	**632,695**

Additionally, note the correction made to 2013 figures, modifying the classification of intangible assets among the various subheadings and among the various cash-generating units with no impact on the total balance of the aforementioned heading (see Note 2.a.b), nor in the assets identified in the business combinations.

In 2014, the amortisation charge associated with the aforementioned revalued assets recognised in the accompanying consolidated income statement amounted to EUR 45,320 thousand (2013: EUR 48,232 thousand).

Impairment of intangible assets

The main assumptions used in the impairment tests are detailed in Note 6.

Other matters

At 31 December 2014, fully amortised intangible assets in use amounted to EUR 42,190 thousand (31 December 2013: EUR 38,925 thousand). The Group did not have any temporarily idle items at 31 December 2014 or 2013.

At 31 December 2014 and 2013, the Group had no material firm intangible asset purchase commitments.

Certain Group companies have intangible assets that must be handed over to the Government at the end of the related concession terms. The detail of the carrying amount of the assets subject to reversion at 31 December 2014 and 2013 is as follows:

	2014 - Thousands of euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Euskadi, S.A.U.	996	(952)	44
LGAI Technological Center, S.A.	14.200	(13.842)	358
Total	**15.196**	**(14.794)**	**402**

	2013 - Thousands of euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Euskadi, S.A.U.	996	(927)	69
LGAI Technological Center, S.A.	14,200	(13,275)	925
Total	**15,196**	**(14,202)**	**994**

6. Impairment of assets

The Parent's management reviews the business performance by business type and geographical area. As a result of these tests, no impairment losses have been recognised in 2014 (2013: EUR 119,167 thousand, which relate to the following line items):

	2014	2013
Goodwill	-	81,285
Intangible assets	-	37,882
Impairment losses	-	**119,167**
Deferred tax	-	(11,363)
Total	-	**107,804**

The detail of the impairment recognised, by cash-generating unit and geographical area, is as follows:

By cash-generating unit-

	Thousands of euros	
	2014	2013
Norcontrol Spain	-	11,370
Auto Finland	-	52,782
Auto US	-	17,133
Total impairment of goodwill	-	**81,285**
Auto Finland	-	8,115
Auto US	-	5,972
RTD Europe	-	16,744
Auto Spain	-	7,051
Total impairment of intangible assets	-	**37,882**
Total impairment losses	-	**119,167**

By geographical area-

	2014	2013
Spain	-	18,421
Rest of Europe	-	77,641
US and Canada	-	23,105
Total	-	**119,167**

Impairment test assumptions

The key assumptions to determining value in use that were used to test for impairment were as follows:

a) Perpetuity growth rate:

To perpetuity it was considered that the cash flows generated by each asset grow at a rate equal to the growth of each industry in the geographical area in which it operates (see following table).

The growth forecast in each industry in the geographical area in which the Group operates is estimated to be very similar to the growth rate expected in that area as the industries in which the Group operates are the most representative core industries in each area and largely determine their performance; the data were obtained from the long-term inflation projections published by the Economist Intelligence Unit.

b) Discount rate:

The discount rates were calculated using the weighted average cost of capital (WACC) measured after tax based on the following assumptions:

- The time value of money or risk-free interest rate of each country or geographical area (weighted average of the main countries where the Group operates in these geographical areas) relates to the return on ten-year sovereign bonds in the related country (or the average of the geographical area).

- The estimated risk premium based on the estimated betas for comparable companies in the industry and a market risk premium for each country, which are observable variables, after tax.

- The average financing structure and conditions for comparable companies in the industry.

The detail of the discount rate (WACC) and of the perpetuity growth rate in 2014 and 2013, by business and geographical area is as follows:

- By business:

2014

Business	Discount rate before tax (WACC)	Discount rate after tax (WACC)	Discount rate considered in calculating the terminal value (g)
Auto	8.8%-10.9%	6.8%-7.6%	1.1%-2.2%
RTD	10.5%-12.4%	8.0%-8.4%	1.5%-2.5%
Velosi	12.0%	9.7%	2.0%
Norcontrol	8.1% -15.7%	6.7% - 11.8%	1.1%-3%
Laboratories	8.1%	6.4%	1.1%
Idiada	10.5%	8.0%	1.1%

2013

Business	Discount rate before tax (WACC)	Discount rate after tax (WACC)	Discount rate considered in calculating the terminal value (g)
Auto	9.8%-11.6%	6.9%-7.9%	1.8%-2.5%
RTD	10.9%-11.4%	8.0%-8.4%	2.0%-2.6%
Velosi	11.1%	9.5%	2.50%
Norcontrol	11.3%-18.3%	8.0%-13.7%	1.8%-5.0%
Laboratories	9.6%	7.4%	1.8%
Idiada	11.9%	8.9%	1.8%

- Country/geographical area:

2014

Country/geographical area:	Discount rate before tax (WACC)	Discount rate after tax (WACC)	Discount rate considered in calculating the terminal value (g)
Spain	8.1%-9.0%	6.7%-7.0%	1.1%
Rest of Europe	8.8%-11.0%	7.4%-8.4%	1.5%-2.2%
US and Canada	10.9%-12.4%	7.0%-8.1%	2.0%
Latin America	15.7%	11.8%	3.0%
Asia and Pacific	10.5%	8.0%	2.5%

2013

Country/geographical area:	Discount rate before tax (WACC)	Discount rate after tax (WACC)	Discount rate considered in calculating the terminal value (g)
Spain	10.5%-11.3%	7.6%-8%	1.80%
Rest of Europe	9.8%-11.0%	7.4%-8.4%	1.8%-2.1%
US and Canada	11.4%-11.6%	6.9%-8.0%	2.5%
Latin America	18.3%	13.7%	5.0%
Asia and Pacific	10.9%	8.4%	2.6%

c) Five-year Ebitda projections:

Applus Group management prepares and updates a business plan by geographical market and line of business. The main components of this plan are projections on operating income and expenses, investments and working capital. The business plan prepared by the management includes the 2015 budget approved by the Board of Directors of the Parent together with the projections for 2016-2019.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined using the budget and the business plan for 2015-2019 prepared by the Parent's management.

The business plan and, consequently, the projections were prepared on the basis of past experience and on the best estimates available. Consequently, the forecast increases in sales and margins reflect a continuity of the increases in activity seen in recent years at the various businesses while also considering the best estimates available on the developments expected in the industries in which the Applus Group is present.

d) Capex, working capital, corporate income tax and other assumptions:

The only investments in assets taken into account in the projections were those involving maintenance of the present assets.

The working capital considered in the projections is a percentage of sales that is consistent with the historical figure for the last three years without, in any circumstances, taking into account any significant improvements therein.

The financial projections took into account the payment of corporate income tax (or the equivalent tax in each country). In the case of Spain a tax rate of 28% was considered for 2015 and 25% for 2016 and subsequent periods (see Note 20.5).

Justification of key assumptions

As mentioned in Note 1, the Group's main activity is the provision of services by its professional staff. The Business Plan prepared by management and approved by the Board of Directors is based on a detailed sales plan broken down mainly by industry, geographical area and customer. Due to the specific nature of the Group, the existence of multiproducts and multiservices, multiple industries and geographical areas, as well as very diverse customers in certain cases, the Group considers Ebitda to be the main key business assumption and management variable. As a result, this variable is the main aggregate used by the Directors to monitor the business.

In the past four years, the global variances between the actual EBITDA figures and the budgeted figures were positive. The negative variances that arose per individual business did not exceed 10%. Therefore, a sensitivity analysis was performed, combining changes of +/- 5% and +/- 10% in Ebitda.

In addition, sensitivity to changes in the perpetuity growth rate and changes in the discount rate were taken into account. See below.

Sensitivity analysis

If the recoverable amounts calculated based on the values in use were subject to an analysis of the sensitivity of changes in the different variables; the discount rate ("WACC"), the perpetual growth rate ("g") or the cash flow projections (Ebitda), the changes, by cash-generating unit, in the Group's consolidated income statement (excluding the tax effect) would be as follows:

a) Change in discount rate (WACC) after tax of 0.5 or 1.0 points (thousands of euros):

-1.0 WACC	-0.5 WACC	Cash-generating unit	+0.5 WACC	+1.0 WACC
4,325	4,118	Auto Spain	-	-
-	-	Auto Denmark	-	-
6,834	4,037	Auto Finland	(3,356)	(6,192)
-	-	RTD Europe (*)	-	(10,092)
-	-	Velosi	-	-
-	-	RTD US and Canada	-	-
-	-	Idiada	-	-
-	-	Norcontrol Spain	-	-
-	-	Laboratories	-	-
-	-	RTD Asia and Pacific	-	-
2,199	2,105	Auto US	-	-
-	-	Norcontrol Latam	-	-
13,358	**10,260**	**TOTAL**	**(3,356)**	**(16,284)**

b) Change in the perpetuity growth rate (g) of 0.2 or 0.8 points (thousands of euros):

+0.8 g	+0.2 g	Cash-generating unit	-0.2 g	-0.8 g
-	-	Auto Spain	-	-
-	-	Auto Denmark	-	-
5,878	1,301	Auto Finland	(1,208)	(4,369)
-	-	RTD Europe(*)	-	-
-	-	Velosi	-	-
-	-	RTD US and Canada	-	-
-	-	Idiada	-	-
-	-	Norcontrol Spain	-	-
-	-	Laboratories	-	-
-	-	RTD Asia and Pacific	-	-
-	-	Auto US	-	-
-	-	Norcontrol Latam	-	-
5,878	**1,301**	**TOTAL**	**(1,208)**	**(4,369)**

c) Change in EBITDA of 5% or 10% (thousands of euros)

+10% Ebitda	+5% Ebitda	Cash-generating unit	-5% Ebitda	-10% Ebitda
4,877	4,398	Auto Spain	-	-
-	-	Auto Denmark	-	-
4,368	2,184	Auto Finland	(2,183)	(4,367)
-	-	RTD Europe(*)	-	(13,031)
-	-	Velosi	-	-
-	-	RTD US and Canada	-	-
-	-	Idiada	-	-
-	-	Norcontrol Spain	-	-
-	-	Laboratories	-	-
-	-	RTD Asia and Pacific	-	-
2,587	2,102	Auto US	-	-
-	-	Norcontrol Latam	-	-
11,832	**8,684**	**TOTAL**	**(2,183)**	**(17,398)**

(*) The impairment disclosed at the RTD Europa CGU in 2013 related to the trademark and, therefore, although there are minor variances in WACC, g and Ebitda, they would not give rise to additional impairment since the fair value of the trademark is calculated based on a percentage of revenue.

The combined effect of these sensitivities would be similar to the aggregation of the net individual effects, except for the positive effects of applying the intangible asset impairment charge, which would only be reversed up to the limit of the amount recognised.

For the carrying amount to equal the recoverable amount, the extent of the impairment arising from reductions in the percentage of EBITDA, WACC after tax and the perpetuity rate of return with respect to the cash-generating units that were not impaired in the sensitivity test previously performed, would be as follows:

Cash-generating unit	Ebitda reduction which would give rise to impairment	WACC after tax which would give rise to impairment	Perpetuity rate of return (g) which would give rise to impairment
Auto Spain	24.5%	9.4%	<0
Auto Denmark	19.6%	9.6%	<0
Velosi	58.2%	24.1%	<0
RTD US and Canada	23.8%	11.4%	<0
Idiada	47.4%	18.8%	<0
Laboratories	16.7%	8.2%	<0
RTD Asia and Pacific	10.6%	9.1%	0.8%
Norcontrol Latam	28.9%	19.2%	<0
Auto US	16.3%	8.7%	<0
Auto Finland	4.2%	7.8%	1.9%
RTD Europe	5.9%	9.0%	0.6%
Norcontrol Spain	25.0%	9.9%	<0

The Parent's Directors consider that, in view of the current margins, any possible negative outcome of the lawsuits filed against Auto Spain (especially those referring to authorisations in Catalonia see Note 27-b) would not significantly affect the impairment of the net assets associated with the aforementioned cash-generating unit.

7. Property, plant and equipment

The changes in 2014 and 2013 in the various property, plant and equipment accounts and in the related accumulated depreciation and impairment losses were as follows:

	2014 - Thousands of euros						
	Balance at 1 January 2014	Changes in the scope of consolidation (Note 2.b.e.1)	Additions or charge for the year	Disposals or reductions	Transfers (Note 5)	Changes in exchange rates and other	Balance at 31 December 2014
Cost:							
Land and buildings	134,371	(902)	5,138	(351)	1,505	3,865	143,626
Plant and machinery	229,436	(5,005)	17,750	(37,646)	1,712	7,454	213,701
Other fixtures, tools and furniture	61,849	(2,473)	3,974	(451)	540	526	63,965
Other items of property, plant and equipment	67,616	1,264	5,089	(7,462)	(1,131)	3,712	69,088
Advances and property, plant and equipment in the course of construction	3,909	(39)	6,958	(532)	(2,972)	25	7,349
Grants	(646)	-	-	206	-	-	(440)
Total cost	**496,535**	**(7,155)**	**38,909**	**(46,236)**	**(346)**	**15,582**	**497,289**
Accumulated depreciation:							
Land and buildings	(45,559)	638	(4,453)	164	67	(717)	(49,860)
Plant and machinery	(153,714)	3,311	(20,139)	37,255	108	(5,925)	(139,104)
Other fixtures, tools and furniture	(46,070)	1,696	(3,667)	381	9	(406)	(48,057)
Other items of property, plant and equipment	(60,045)	(447)	(8,506)	6,828	21	(2,795)	(64,944)
Total accumulated depreciation	**(305,388)**	**5,198**	**(36,765)**	**44,628**	**205**	**(9,843)**	**(301,965)**
Provision	**(1,697)**	-	**(457)**	**978**	-	-	**(1,176)**
Total net value	**189,450**	**(1,957)**	**1,687**	**(630)**	**(141)**	**5,739**	**194,148**

	2013 - Thousands of euros						
	Balance at 1 January 2013	Changes in the scope of consolidation (Note 2.b.e.4)	Additions or charge for the year	Disposals or reductions	Transfers (Note 5)	Changes in exchange rates and other	Balance at 31 December 2013
Cost:							
Land and buildings	136,183	932	1,454	(1,936)	534	(2,796)	134,371
Plant and machinery	215,612	865	24,397	(10,682)	2,783	(3,539)	229,436
Other fixtures, tools and furniture	73,759	43	5,273	(1,903)	216	(15,539)	61,849
Other items of property, plant and equipment	61,258	391	3,852	(3,062)	(483)	5,660	67,616
Advances and property, plant and equipment in the course of construction	7,601	-	5,802	(408)	(9,043)	(43)	3,909
Grants	(1,197)	-	114	437	-	-	(646)
Total cost	**493,216**	**2,231**	**40,892**	**(17,554)**	**(5,993)**	**(16,257)**	**496,535**
Accumulated depreciation:							
Land and buildings	(42,253)	(743)	(4,789)	1,058	308	860	(45,559)
Plant and machinery	(151,904)	(699)	(20,583)	10,246	1,292	7,934	(153,714)
Other fixtures, tools and furniture	(44,120)	4	(3,596)	1,392	(71)	321	(46,070)
Other items of property, plant and equipment	(56,681)	(327)	(8,223)	2,889	(68)	2,365	(60,045)
Total accumulated depreciation	**(294,958)**	**(1,765)**	**(37,191)**	**15,585**	**1,461**	**11,480**	**(305,388)**
Provision	**(1,692)**	-	**(5)**	-	-	-	**(1,697)**
Total net value	**196,566**	**466**	**3,696**	**(1,969)**	**(4,532)**	**(4,777)**	**189,450**

In 2014 the additions related basically to plant and machinery amounting to EUR 17,750 thousand (24,397 thousand for 2013), which were acquired in the course of the Group's normal operations.

The disposals of plant and machinery relate mainly to fully depreciated US assets associated with concessions due and, therefore, they have become obsolete and have been eliminated from the consolidated balance sheet.

The changes in exchange rates gave rise to a positive impact on the cost of the assets (adverse in prior year), which was due mainly to changes in the exchange rates of the US dollar, the Sterling Pound, the Canadian dollar and the Australian dollar.

The gross value of fully depreciated items of property, plant and equipment in use at 31 December 2014 amounted to EUR 147,924 thousand (31 December 2013: EUR 119,100 thousand). The Group did not have any temporarily idle items at 31 December 2014 or 2013.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

At 31 December 2014 and 2013, the Group did not have any significant firm property, plant and equipment purchase commitments.

No borrowing costs had been capitalised to property, plant and equipment at the end of 2014 and 2013 and no disbursements made or advances granted at 31 December 2014 or 2013.

Certain Group companies have property, plant and equipment items that must be handed over to the Government at the end of the related concession term. The detail of the carrying amount of the assets subject to reversion at 31 December 2014 and 2013 is as follows:

	2014 - Thousands of euros		
	Gross cost	Accumulated depreciation/ Impairment losses	Carrying amount
Applus Iteuve Technology, S.L.U.	41,377	(36,474)	4,903
Idiada Automotive Technology, S.A.	34,690	(20,140)	14,550
Applus Iteuve Euskadi, S.A.U.	2,429	(1,715)	714
Total	**78,496**	**(58,329)**	**20,167**

	2013 - Thousands of euros		
	Gross cost	Accumulated depreciation/ Impairment losses	Carrying amount
Applus Iteuve Technology, S.L.U.	40,644	(35,025)	5,619
Idiada Automotive Technology, S.A.	30,905	(18,334)	12,571
Applus Iteuve Euskadi, S.A.U.	2,470	(1,676)	794
Total	**74,019**	**(55,035)**	**18,984**

The detail of the items of property, plant and equipment located outside Spain at 31 December 2014 and 2013 is as follows:

	Thousands of euros	
	31/12/14	31/12/13
Cost:		
Land and buildings	75,834	68,341
Plant and machinery	97,080	116,181
Other fixtures, tools and furniture	11,426	9,258
Other items of property, plant and equipment	49,949	53,664
Advances and property, plant and equipment in the course of construction	2,820	502
Total cost	**237,109**	**247,946**
Accumulated depreciation	**(128,529)**	**(143,128)**
Total carrying amount	**108,580**	**104,818**

The detail of the main assets held by the Group under finance leases at 31 December 2014 and 2013 is as follows:

	Average lease term (years)	Average number of years elapsed	2014 - Thousands of euros									
			Original cost including purchase option	Lease payments paid		Lease payments outstanding	2015	2016	2017	2018	Remainder	Value of purchase option
				Prior years	2014							
Plant and machinery	5	2	1,374	971	185	218	113	98	7	-	-	-
Furniture	3	1	201	51	62	88	73	15	-	-	-	-
Computer hardware	3	1	2,880	1,672	910	298	298	-	-	-	-	-
Transport equipment	4	2	15,050	7,092	3,459	4,499	2,622	1,597	235	34	11	-
Other items of property, plant and equipment	3	-	15	15	0	-	-	-	-	-	-	-
Total assets held under finance lease			**19,520**	**9,801**	**4,616**	**5,103**	**3,106**	**1,710**	**242**	**34**	**11**	-

	Average lease term (years)	Average number of years elapsed	2013 - Thousands of euros									
			Original cost including purchase option	Lease payments paid		Lease payments outstanding	2014	2015	2016	2017	Remainder	Value of purchase option
				Prior years	2013							
Plant and machinery	4	2	1,370	847	245	251	186	77	15	-	-	27
Computer hardware	3	1	2,611	614	894	1,103	836	267	-	-	-	-
Transport equipment	4	2	13,206	3,817	3,006	6,383	2,843	2,145	1,277	109	9	-
Other items of property, plant and equipment	3	1	15	9	6	-	-	-	-	-	-	-
Total assets held under finance lease			**17,202**	**5,287**	**4,151**	**7,737**	**3,865**	**2,489**	**1,292**	**109**	**9**	**27**

At 31 December 2014 and 2013, no significant property, plant and equipment were subject to restrictions or pledged as security for liabilities.

8. Non-current financial assets

The changes in the various non-current financial asset accounts in 2014 and 2013 were as follows:

	2014 - Thousands of euros				
	Balance at 1 January 2014	Additions or charge for the year	Disposals	Translation differences	Balance at 31 December 2014
Investments in other companies	5,897	2,255	(3,510)	541	5,183
Fixed-income securities	10	-	(10)	-	-
Non-current receivables	1,309	773	(1,200)	(17)	865
Deposits and guarantees	7,281	1,241	(1,305)	57	7,274
Impairment losses	(666)	-	66	-	(600)
Total	**13,831**	**4,269**	**(5,959)**	**581**	**12,722**

	2013 - Thousands of euros				
	Balance at 1 January 2013	Additions or charge for the year	Disposals	Translation differences	Balance at 31 December 2013
Investments in other companies	4,705	2,493	(1,143)	(158)	5,897
Fixed-income securities	10	-	-	-	10
Non-current receivables	1,248	253	(172)	(20)	1,309
Deposits and guarantees	7,868	2,067	(2,567)	(87)	7,281
Impairment losses	(668)	-	2	-	(666)
Total	**13,163**	**4,813**	**(3,880)**	**(265)**	**13,831**

Investments in other companies

In 2014 the Group recognised additions under "Investments in other companies" relating to the effect of associates accounted for using the equity method earning profits of EUR 2,255 thousand in 2014 (2013: EUR 2,493 thousand).

The main financial information on "Investments in Other Companies" at the end of 2014 and 2013 is as follows:

	2014 – Thousands of Euros				
	Velosi LLC	Velosi (B) Sdn Bhd	Kurtec Pipeline Services Ltd.	Kurtec Pipeline Services, LLC	Total
Country	Oman	Brunei	Luxembourg	UAE	
Percentage of ownership	50%	50%	45%	45%	
Non-current assets	1,797	282	33	(576)	**1,536**
Current assets	15,199	3,720	-	(305)	**18,614**
Liabilities	(11,311)	(1,475)	66	3,611	**(9,109)**
Net assets	**5,685**	**2,527**	**99**	**2,730**	**11,041**
Revenue	**31,672**	**4,822**	-	**10**	**36,504**
Profit (Loss) after tax	**2,661**	**1,851**	**(11)**	**(1,797)**	**2,704**
Value of the investment	**2,965**	**1,289**	-	-	**4,254**

	2013 – Thousands of Euros				
	Velosi LLC	Velosi (B) Sdn Bhd	Kurtec Pipeline Services Ltd.	Kurtec Pipeline Services, LLC	Total
Country	Oman	Brunei	Luxembourg	UAE	
Percentage of ownership	50%	50%	45%	45%	
Non-current assets	1,826	175	30	726	**2,757**
Current assets	13,393	1,465	-	1,141	**15,999**
Liabilities	(6,168)	(1,065)	(49)	(4,196)	**(11,478)**
Net assets	**9,051**	**575**	**(19)**	**(2,329)**	**7,278**
Revenue	**29,717**	**3,149**	-	**861**	**33,727**
Profit (Loss) after tax	**4,773**	**213**	**(7)**	**(764)**	**4,215**
Value of the investment	**4,531**	**280**	-	-	**4,811**

Deposits and guarantees

At 31 December 2014, "Deposits and Guarantees" included EUR 4 million (2013: EUR 3.4 million) relating to restricted cash deposits to secure certain contracts entered into.

9. Inventories

The detail of the Group's inventories at 31 December 2014 and 2013 is as follows:

	Thousands of euros	
	31/12/14	31/12/13
Goods held for resale	7,274	6,631
Raw materials and other supplies	604	635
Total inventories	**7,878**	**7,266**

These inventories relate mainly to x-ray material used in non-destructive testing by the RTD subgroup: reagents, fungibles and chemical compounds used in laboratory or field tests by the Laboratories subgroup and spare parts and items used at the inspection centres of the automotive division.

Obsolete, defective or slow-moving inventories were reduced to realisable value.

The inventories will be realised in less than twelve months.

The Group did not recognise any inventory write-downs since inventories are derecognised when they are found to be defective or obsolete.

10. Trade receivables for sales and services, trade receivables from related companies and other receivables

The detail of these current asset headings in the accompanying consolidated balance sheets at 31 December 2014 and 2013 is as follows:

	Thousands of euros	
	31/12/14	31/12/13
Trade receivables for sales and services	329,686	319,762
Work in progress	56,469	55,958
Write-downs	(22,635)	(20,025)
Trade receivables for sales and services	**363,520**	**355,695**
Trade receivables from related companies (Note 28)	8,351	4,198
Other receivables	20,623	17,742
Other accounts receivable from public authorities	9,522	10,203
Total trade and other receivables	**402,016**	**387,838**

The Group's average collection period for services rendered was 53 days in 2014 (2013: 54 days).

The Group does not charge interest on receivables maturing within one year. The fair value and the nominal value of these assets do not differ significantly.

The detail of the age of the debt under "Trade Receivables for Sales and Services" is as follows:

	Thousands of euros	
	31/12/14	31/12/13
Not past-due	216,005	213,368
0-30 days	43,449	46,792
31-90 days	25,130	24,119
91-180 days	14,819	11,858
181-360 days	13,310	9,107
More than 360 days	16,973	14,518
Total trade receivables for sales and services	**329,686**	**319,762**
Provision for doubtful debts	**(22,635)**	**(20,025)**
Total trade receivables for sales and services, net	**307,051**	**299,737**

"Work in progress" relates to the valuation at the selling price of completed units of output not yet billed to customers or certified, for which Group management considers that there is reasonable assurance of their being ultimately certified (see Note 3-s).

The Directors of the Parent consider that the carrying amount of trade and other receivables approximates their fair value.

The Group has established a customer acceptance policy based on the periodic evaluation of liquidity and solvency risks and the establishment of credit limits for its debtors.

Credit risk

The Group's main financial assets are cash and cash equivalents, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group's credit risk is therefore mainly attributable to its trade receivables. The amounts presented in the consolidated balance sheet are net of allowances for doubtful debts, estimated by Group management based on prior experience and its assessment of the current economic environment.

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of customers, business lines, markets and geographical areas.

However, the Group's financial management considers credit risk to be key to day-to-day management of the business and focuses its efforts on controlling and supervising receivables and doubtful debts, particularly in the industries with a higher risk of insolvency. In 2014 and 2013 particular attention was paid to monitoring and recovering past-due receivables and a detailed analysis of customers with associated insolvency or default risks was performed.

The Group has established a customer acceptance policy based on the periodic evaluation of liquidity and solvency risks and the establishment of credit limits for its debtors. The Group also periodically analyses the age of its trade receivables in order to cover possible bad debts.

The changes in 2014 and 2013 in the allowance for doubtful debts were as follows:

	Thousands of euros
Balance at 1 January 2013	**22,664**
Additions	8,890
Amounts used	(7,284)
Disposals	(3,670)
Effect of exchange rate changes	(575)
Balance at 31 December 2013	**20,025**
Additions	7,072
Amounts used	(2,023)
Disposals	(3,478)
Effect of exchange rate changes	1,039
Balance at 31 December 2014	**22,635**

In 2014 the Group derecognised EUR 3,478 thousand of provisioned accounts receivable (2013: EUR 3,670 thousand) since they were considered to be uncollectible.

11. Current financial assets, cash and cash equivalents

Current financial assets

At 31 December 2014, the amount included short-term deposits and guarantees amounting to EUR 4,512 thousand (31 December 2013: EUR 2,444 thousand) and other financial assets of EUR 13 thousand (31 December 2013: EUR 404 thousand).

Cash and cash equivalents

At 31 December 2014 and 2013, the amount classified as "Cash and Cash Equivalents" in the accompanying consolidated balance sheet related in full to cash, except for EUR 4,015 thousand (2013: EUR 1,658 thousand) that related to five deposits with a term of less than three months.

12. Equity

The changes in 2014 and 2013 in "Equity" in the accompanying consolidated balance sheets were as follows:

	Thousands of euros	
	2014	2013
Beginning balance	**323,249**	**390,399**
Share capital and share premium increases:		
Capital reduction with a charge to reserves	(645,030)	-
Capital increases and share premium	300,000	-
Conversion of participating loan	-	106,832
Treasury shares	(5,407)	-
Capital increase expenses	(5,683)	-
Changes in reserves	646.685	214
Changes in foreign currency translation reserve	(8,010)	(8,912)
Adjustments due to the re-measurement of derivatives	-	4,882
Consolidated net profit/loss for the year	23,831	(170,079)
Changes in non-controlling interests	4,008	(87)
Balance at 31 December	**633,643**	**323,249**

a) Share capital and share premium

The Parent was incorporated on 5 July 2007 with a share capital of EUR 3,100, divided into 3,100 equal, cumulative and indivisible shares of EUR 1 par value each, fully subscribed and paid by Azul Holding, S.C.A.

On 29 November 2007, the Parent increased share capital by EUR 12,312,500 through the issuance of 12,312,500 shares of EUR 1 par value each with a share premium of EUR 110,812,500, i.e. EUR 9 per share. The shares and the share premium were fully subscribed and paid by the sole shareholder at that date, Azul Holding, S.C.A., through a monetary contribution. Transfer tax on the capital increase amounted to EUR 1,231,250 and was recognised as a deduction from share capital.

On 29 December 2011, the Parent increased its share capital by EUR 20,000 thousand through the issuance of 20 million new shares of EUR 1 par value each with a share premium of EUR 180,000 thousand, i.e. EUR 9 per share. This capital increase was carried out through the non-monetary contribution of a portion of the participating loan that Azul Finance, S.à r.l. had granted to the Parent. The value of the amount of the aforementioned loan converted into capital corresponds to its fair value, on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

On 20 December 2012, the shareholders increased the Parent's share capital by EUR 238,765 thousand through the issuance of 238,764,894 shares of EUR 1 par value each with a share premium of EUR 7,235 thousand, i.e. EUR 0.0303033 per share. Both the shares and the share premium were fully subscribed and paid by Azul Holding, S.C.A. through the non-monetary contribution of the shares representing all of the share capital of Azul Holding 2 S.à r.l. valued at EUR 246,000 thousand.

The aforementioned non-monetary contribution qualified for taxation under the special tax regime for mergers, spin-offs, asset contributions, security exchanges and changes of registered office of a European Company or a European Cooperative Society from one EU Member State to another provided for in Chapter VIII of Title VII of Legislative Royal-Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Law, as a security exchange defined in Articles 83.5 and 87. All of the information relating to this process is disclosed in the separate financial statement of the Parent in such year.

On 21 December 2012, the Parent increased share capital by EUR 330,975 thousand through the issuance of 330,975,863 new shares of EUR 1 par value each with a share premium of EUR 10,029 thousand, i.e. EUR 0.0303033 per share. This capital increase was carried out through the non-monetary contribution of a portion of the participating loan that Azul Finance, S.à r.l. had granted to the Parent. The value of the amount of the aforementioned loan converted into capital was its fair value, on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

On 20 December 2013, the Parent increased share capital by EUR 53,906 thousand through the issuance of 53,906,285 new shares of EUR 1 par value each with a share premium of EUR 52,926 thousand, i.e. EUR 0.9818 per share. This capital increase was carried out by converting into capital the outstanding amount of EUR 106,832 thousand of the participating loan that Azul Finance, S.à r.l. had granted to the Company. The value of the amount of the aforementioned loan converted into capital was its fair value on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

At 31 December 2013, the share capital amounted to EUR 655,962,642 (31 December 2012: EUR 602,056,357) and was represented by 655,962,642 fully subscribed and paid indivisible and cumulative shares of EUR 1 par value each, numbered sequentially from 1 to 655,962,642, inclusive, less the associated expenses of EUR 1,231,250 incurred in the 2007 transaction.

On 4 April 2014, the shareholders at the Parent's Annual General Meeting resolved unanimously to reduce capital by EUR 645,029,932 through the redemption and writing-off of ordinary shares of EUR 1 par value each of which 398,112,474 were held by Azul Finance, S.à r.l. and 246,917,458 by Azul Holding, S.C.A., respectively, with a charge to voluntary reserves. Also, on that sale date the Parent's Annual General Meeting resolved unanimously to reduce the par value of each outstanding share to EUR 0.10, leaving the share capital at EUR 10,932,710 represented by 109,327,100 shares.

On 7 May 2014, the Board of Directors, acting under powers delegated from the Parent's General Meeting of 25 March 2014, approved unanimously the public offering of subscription and sale of shares in the Spanish Stock Exchange agreeing with the following:

1- Execution of a capital increase through a monetary contribution by issuing 20,689,655 new shares at a EUR 0.10 par value each and a share premium of EUR 14.40 per share, with the same rights and obligations as the previously existing shares. The total amount disbursed in capital and share premium is EUR 300 million.

2- Set the number of shares subject to the public offering: The 20,689,655 new shares will be offered as part of the sale and subscription offering, to qualified investors through the Global Coordinating Entities, having Azul Finance, S.à.r.l. and Azul Holding S.C.A. (the "Shareholders sellers") renounced expressly and individually the right to subscribe for them. Additionally, 55,172,414 existing shares of Azul Finance S.à r.l. will be offered as part of the sale and subscription offer to qualified investors through the Global Coordinating Entities. Additionally, it is agreed to set the volume of the purchase option (over-allotment option) at 7,586,207 shares to be conferred by Azul Finance S.à r.l.

3- Set the price of the sale and subscription offer at EUR 14.50 per share.

On 9 May 2014, the Spanish National Securities Market Commission (CNMV) allowed the total amount of the Parent's shares (130,016,755 shares) to trade on the Stock Exchange.

The shares subject to the initial public offering (75,862,069 shares) were sold entirely in the stock market for a price of EUR 14.50 and on 20 May 2014, the Global Coordinating Entities exercised the option granted by Azul Finance, S.à r.l. to purchase 7,586,207 shares for a price of EUR 14.50 per share.

Therefore, at 31 December 2014, the Parent's share capital was represented by 130,016,755 fully subscribed and paid ordinary shares of EUR 0.10 par value each.

Per the notifications of the number of shares submitted to the CNMV, the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31 December 2014, are as follows:

Company	% share
	31/12/14
CEP III Participations, S.à r.l. SICAR	35.50%
GIC Private Limited	6.15%
Ameriprise Financial, INC	3.85%

The Parent's Directors are not aware of any other ownership interests of 3% or more of the share capital or voting rights of the Parent, or of any lower ownership interests that might permit the holder to exercise a significant influence over the Parent.

On October 2014 the Group arranged an Equity swap with a bank to fix the price of 550.000 treasury shares that will be acquired by the Group at 30 April 2015. The price is 5.407 thousand euros, amount that has been registered as treasury shares in the consolidated balance sheet at 31 December 2014 (see note 3z).

b) *Profit/(Loss) per share*

The profit or loss per share is calculated on the basis of the loss attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year. At 31 December 2014 and 2013 the profit / (loss) per share is as follows:

	2014	2013
Number of shares	130,016,755	655,962,642
Average number of shares	122,817,889	603,828,618
Consolidated net loss attributable to the Parent (thousands of euros)	23,831	(170,079)
Number of treasury shares	550,000	-
Number of shares outstanding	130,016,755	655,962,642
Loss per share (in euros per share)		
- Basic	0.195	(0.282)
- Diluted	0.195	(0.282)

There are no financial instruments that could dilute the profit / (loss) per share.

c) *Foreign currency translation reserve*

The detail of "foreign currency translation reserve" in the consolidated balance sheets at 31 December 2014 and 2013 is as follows:

	Thousands of euros	
	31/12/14	31/12/13
Libertytown USA 1, Inc. subgroup	(19,101)	(9,778)
Arctosa Holding, B.V. subgroup	(5,438)	(4,194)
Velosi, S.à r.l. subgroup	3,080	(2,511)
Applus Iteuve Technology, S.L.U. subgroup	(3,319)	(1,542)
Applus Argentina, S.A.	(594)	(458)
Idiada Automotive Technology, S.A. subgroup	708	125
LGAI Technological Center, S.A. subgroup	(791)	620
Other	(499)	(206)
Total	**(25,954)**	**(17,944)**

d) Capital risk management

The Group manages its capital to ensure that its subsidiaries can continue to operate in accordance with the going-concern principle of accounting. The Group is also committed to maintaining leverage levels that are consistent with its growth, solvency and profitability objectives.

The data relating to the financial leverage ratios at the end of 2014 and 2013 are as follows:

	Thousands of euros	
	31/12/14	31/12/13
Bank borrowings	790,103	1,108,347
Other financial liabilities	28,284	29,400
Current financial assets	(4,525)	(2,848)
Cash and cash equivalents	(149,688)	(180,877)
Net financial debt	**664,174**	**954,022**
Total equity and participating loan	**633,643**	**323,249**
Leverage (Net financial debt / Net debt + equity)	**51%**	**75%**

13. Non-controlling interests

"Non-controlling interests" in the accompanying consolidated balance sheet reflects the equity of the non-controlling shareholders in the consolidated companies. Also, the balance of "Profit Attributable to Non-Controlling Interests" in the accompanying consolidated income statement reflects the share of these non-controlling interests in the consolidated profit or loss for the year.

The detail of the non-controlling interests of the fully consolidated companies in which ownership is shared with third parties is as follows:

	2014 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	10,953	(51)	10,902
Idiada Automotive Technology, S.A. subgroup	6,571	2,681	9,252
RTD subgroup	(4)	7	3
Velosi subgroup	13,777	4,564	18,341
Applus Iteuve Technology, S.L.U. subgroup	66	145	211
Total non-controlling interests	**31,363**	**7,346**	**38,709**

	2013 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	11,431	(147)	11,284
Idiada Automotive Technology, S.A. subgroup	5,456	2,710	8,166
RTD subgroup	35	(39)	(4)
Velosi subgroup	13,212	2,043	15,255
Total non-controlling interests	**30,134**	**4,567**	**34,701**

The changes in "Non-Controlling Interests" in 2014 and 2013 are summarised as follows:

	Thousands of euros	
	2014	2013
Beginning balance	**34,701**	**34,788**
Changes in the scope of consolidation (Note 2-b-e.1)	378	(1,521)
Dividends	(4,302)	(2,548)
Translation differences	491	(515)
Other differences	95	(70)
Profit for the year	7,346	4,567
Ending balance	**38,709**	**34,701**

14. Bank borrowings

The detail, by maturity, of the bank borrowings in the accompanying consolidated balance sheets at 31 December 2014 and 2013 is as follows:

	2014 - Thousands of euros						
	Limit	Current maturity	Non-current maturity				
			2016	2017	2018	2019	**Total**
Syndicated loan	850,000	731	-	-	-	746,874	**746,874**
Other loans	-	21,450	1,485	1,484	1,390	-	**4,359**
Credit facilities	41,671	6,178	-	-	-	-	**-**
Obligations under finance leases	-	3,105	1,710	242	34	12	**1,998**
Treasury shares	-	5,408	-	-	-	-	**-**
Total	**891,671**	**36,872**	**3,195**	**1,726**	**1,424**	**746,886**	**753,231**

	2013 - Thousands of euros						
	Limit	Current maturity	Non-current maturities				
			2015	2016	2017	Other	Total
Syndicated loan	1,058,550	7,976	-	763,215	303,539	-	**1,066,754**
Other loans	-	14,548	31	34	34	17	**116**
Credit facilities	33,005	11,188	-	-	-	-	-
Obligations under finance leases	-	3,959	2,398	1,291	109	8	**3,806**
Total	**1,091,555**	**37,671**	**2,429**	**764,540**	**303,682**	**25**	**1,070,676**

a) Sindicated loan

On 27 November 2007, the Group arranged a syndicated loan with Société Générale, London Branch, as the agent bank, and Barclays Capital; Bayerische Hypo-und Vereinsbank, AG, London Branch; Catalunya Caixa; Caixa Bank; Bankia; Calyon, Sucursal en España; Commerzbank Aktiengesellschaft; Landsbanki Islands h.f. and Mizuho Corporate Bank, Ltd. as the participating lenders for an initial total maximum amount of EUR 1,085,000 thousand, divided into various tranches of financing.

On 21 November 2012, the Group refinanced a portion of its bank borrowings, renegotiating the terms and conditions of 95% of the Capex Facility and 85% of the Revolving Facility, extending the term of both tranches by two years to 25 May 2016 and establishing a single maturity at the end of the term, which also applies to the Capex Facility.

On 13 May 2014, the Group repaid early the amount drawn down of the loan granted on 27 November 2007 and refinanced on 21 November 2012. Then, and on the same day, the Group arranged a new syndicated loan with Société Générale, Sucursal en España, as the agent bank and with Caixabank, S.A., BNP Paribas Fortis S.A. N.V., Banco Santander, S.A., Credit Agricole Corporate and Investment Bank, Sucursal en España, RBC Capital Markets (Royal Bank of Canada), London Branch, Sumitomo Mitsui Finance Dublin Limited, Mizuho Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ Ltd., UBS Limited, J.P. Morgan Limited and Citigroup Global Markets Limited. as the subscribing banks, for a total initial limit of EUR 850,000 thousand, divided into two financing tranches.

The interest rate of the loan is Euribor (for tranches in Euros) / Libor (for tranches in foreign currencies) and a spread depending on the level of debt, which currently stands at 2.25 percentage points.

The two tranches have a single maturity on 13 May 2019.

The financial structure of the aforementioned syndicated loan is, therefore, as follows:

2014

	Thousands of euros		
Tranche	Limit	Amount drawn down + interest added to principal	Maturity
Facility A	700,000	695,733	13/05/19
Facility B	150,000	35,000	13/05/19
Effect of exchange rate changes	-	23,412	
Interest		731	
Debt arrangement expenses	-	(7,271)	
Total	**850,000**	**747,605**	

2013

Tranche	Thousands of euros Limit	 Amount drawn down + interest added to principal	Maturity
Facility B	610,000	610,000	29/05/16
Second Lien Facility (Senior D)	100,000	100,000	29/05/17
Revolving Facility 1	10,500	5,281	29/11/14
Revolving Facility 2	64,500	32,441	25/05/16
Capex Facility 1	5,800	2,900	29/05/14 - 29/11/14
Capex Facility 2	117,750	117,750	25/05/16
Mezzanine Facility	150,000	150,000	29/11/17
Interest added to principal– Mezzanine Facility	-	53,539	
Effect of exchange rate changes	-	8,665	
Debt arrangement expenses	-	(5,846)	
Total	**1,058,550**	**1,074,730**	

At 31 December 2014, the Group had drawn down a portion of the principal in US dollars -USD 268 million - (approximately EUR 213 million) and a portion of the principal in sterling - GBP 20 million - (approximately EUR 25 million) of the Facility A tranche, which totals EUR 700 million, and a portion of the nominal amount in euros totalling EUR 479 million.

The amount drawn down of EUR 35 million from the Facility B tranche, which totals EUR 150 million, is entirely in euros at 31 December 2014.

a.1) Obligations and restrictions relating to syndicated borrowings:

The new syndicated loan agreement establishes the achievement of a financial ratio - consolidated net financial debt/consolidated EBITDA - that must not exceed certain values set for each six-month period throughout the term of the loan, with the ratio being less than 4 in 2016 and onwards. At 31 December 2014, the aforementioned ratio had to be lower than 4.50. The actual ratio based on the accompanying consolidated financial statements at 31 December 2014 is 3.12 and, therefore, it was being achieved at 31 December 2014.

The Parent's Directors expect the aforementioned financial ratio to be achieved in the coming years.

The Group also has certain obligations under the financing agreement which relate mainly to disclosure requirements concerning its financial statements and business plans; positive undertakings to carry out certain actions, such as guaranteeing the accounting closes, guaranteeing compliance with the legislation in force, etc. and negative undertakings not to perform certain transactions without the lender's consent, such as certain mergers, changes of business activity or certain assignments.

a.2) Guarantees given

Shares of certain Applus Group subsidiaries have been pledged to secure the aforementioned loan.

b) Credit facilities and other loans

The interest rates on the credit facilities and loans are tied to Euribor and Libor, plus a market spread.

The detail of the main current and non-current bank borrowings at 31 December 2014 and 2013, by currency and excluding hedging instruments, is as follows:

	2014 - Thousands of euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	508,977	213,339	25,289	-	-	-	**747,605**
Other loans	7	3	91	25,708	-	-	**25,809**
Credit facilities	921	-	(34)	2,246	2,262	781	**6,176**
Finance leases	158	4,099	16	395	-	434	**5,102**
Total	**510,063**	**217,441**	**25,362**	**28,349**	**2,262**	**1,215**	784,692

	2013 - Thousands of euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	831,779	219,188	23,763	-	-	-	**1,074,730**
Other loans	6	31	-	14,438	-	189	**14,664**
Credit facilities	2,882	32	31	5,091	2,293	859	**11,188**
Finance leases	208	7,066	25	227	-	239	**7,765**
Total	**834,875**	**226,317**	**23,819**	**19,756**	**2,293**	**1,287**	**1,108,347**

On 17 December 2014, the Group entered into a non-recourse factoring agreement for the assignment of outstanding trade receivables from 31 customers for a maximum amount of EUR 20 million, bearing interest at a market rate. At 2014 year-end EUR 3,862 thousand had been factored.

15. Other non-current financial liabilities

The detail of the related headings in the accompanying consolidated balance sheets at 31 December 2014 and 2013 is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Payable due to reversion (Note 27.a)	16,025	16,025
Other non-current financial liabilities	12,259	13,375
Total other non-current financial liabilities	**28,284**	**29,400**
Total	**28,284**	**29,400**

"Payable due to reversion" for 2014 and 2013 includes the provisions for the guarantees covering the reversion of land on which certain vehicle roadworthiness testing centres are located, amounting to EUR 16,025 thousand (see Note 27.a). The payment period relating to these guarantees will not be known until the proceeding described in Note 27.b has ended.

"Other financial liabilities" includes mainly various loans with favourable terms and conditions that the subsidiaries have been granted by various public bodies, mainly the Centre for Industrial Technological Development (CDTI) and Institut Català de Finances (ICF). These loans mature between 2015 and 2023.

16. Financial risks and derivative financial instruments

Financial risk management policy

The main purpose of the Group's financial risk management activity is to assure the availability of funds for the timely fulfilment of financial obligations and to protect the value in euros of the Group's economic flows and assets and liabilities.

This management is based on the identification of risks, the determination of tolerance to each risk, the analysis of the suitability of the hedging of financial risks, and the control, if applicable, of the hedging relationships established.

The Group hedges all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable.

The Group's financial risks are managed on a single and integrated basis, which enables it to identify the existence of natural hedges between and within the various lines of business and to thus optimise the arrangement of hedges in markets. All external hedges, including those relating to subsidiaries and those arranged on their behalf, must be authorised and arranged on a centralised basis at Group level.

Following is a description of the main financial risks to which the Group is exposed and the practices established:

a) Foreign currency risk

The increased volatility of currency markets with respect to other markets (such as the interest rate market) and the significant international activity of the Group as a long-term investor in countries outside of the eurozone make foreign currency risk (loss of value in euros of long-term investments in countries whose currency is not the euro) the most significant financial risk for the Group.

To manage foreign currency risk, the Group takes the following measures:

- If the financial market of the country in which the investment is made allows for adequate financing to be obtained in terms of timing and cost, hedging is naturally obtained through financing taken in the same currency as that of the investment.

- If the above is not possible, the Group determines asset and liability sensitivity to exchange rate fluctuations on the basis of the extent and severity (volatility) of the risk exposure.

In relation to foreign currency risk, the estimated sensitivity in the Group's consolidated statements of profit or loss for 2014 and 2013 to a change of +/-5% in the exchange rates against the euro of the main currency in which the Group operates, US Dollar, would entail a +/-1% variation of the Group's revenues.

b) Interest rate risk

Interest rate risk relates to the effect on profit or loss of rises in interest rates that increase borrowing costs. Exposure to this risk is significantly mitigated by the natural hedging offered by businesses in which inflation and/or interest rates are factors which are part of the periodical tariff and price revision process. The other exposure is assessed periodically and, taking into consideration the projected interest rate fluctuations in the main borrowing currencies, the desirable fixed-rate protection levels and periods are determined.

The structure thus established is achieved by means of new financing and/or the use of interest rate derivatives.

Net debt at floating rates is generally tied to Euribor for the debt in euros and to Libor for the debt in US dollars.

The detail of the average interest rate and of the average financial debt drawn down is as follows:

	2014	**2013**
Average interest rate	3.06%	4.56%
Average financial debt drawn down (thousands of euros)	861,268	1,083,942

On the basis of the financial debt drawn down, the impact on borrowing costs of a change of half a point in the average interest rate would be as follows:

	2014		2013	
Change in interest rate	0.50%	(0.50%)	0.50%	(0.50%)
Change in borrowing costs (thousands of euros)	4,306	(4,306)	4,373	(4,373)

c) Liquidity risk

Liquidity risk relates to the possibility of adverse situations in the capital markets preventing the Group from financing, at reasonable market prices, its obligations relating to both non-current financial assets and working capital requirements, or of the Group being unable to implement its business plans using stable financing sources.

The Group takes various preventative measures to manage liquidity risk:

- The capital structure of each company is established taking into account the degree of volatility of the cash generated by it.

- Debt repayment periods and schedules are established on the basis of the nature of the needs being financed.

- The Group diversifies its sources of financing through continued access to financing and capital markets.

- The Group secures committed credit facilities for sufficient amounts and with sufficient flexibility.

Hedging instruments arranged

The Group arranged over-the-counter derivative financial instruments with Spanish and international banks with high credit ratings.

In the prior years the only derivatives held by the Applus Group were interest rate derivatives.

The objective of these interest rate hedges was to mitigate, by arranging fixed-for-floating interest rate swaps, the fluctuations in cash outflows in respect of payments tied to floating interest rates (Euribor and USD Libor) on the Group's borrowings. The Group opted to account for hedges as permitted under IFRSs, designating in the appropriate manner the hedging relationships in which the derivatives are hedges of net investments in foreign operations that neutralise changes in value due to the spot rate of the foreign currency.

In October 2014 the Parent arranged an equity swap with a bank to hedge the acquisition cost of 550,000 treasury shares that the Group must partially hand over to certain executives. At 31 December 2014, this agreement had a fair value of EUR 5,407 thousand and maturity on 30 April 2015. On 9 May 2015, the Group must confer part of the aforementioned shares to certain executives (see Note 12).

17. Long-term provisions

The detail of "Long-Term Provisions" in 2014 and 2013 is as follows (in thousands of euros):

	31/12/14	31/12/13
Long-term employee obligations	5,596	5,260
Other	23,733	7,501
Long-term provisions	**29,329**	**12,761**

The changes in "Long-Term Provisions" in 2014 and 2013 are as follows:

	Thousands of euros
Balance at 1 January 2013	**8,965**
Additions	4,902
Amounts used	(912)
Effect of exchange rate changes	(194)
Balance at 31 December 2013	**12,761**
Additions	19,522
Amounts used	(3,325)
Effect of exchange rate changes	371
Balance at 31 December 2014	**29,329**

The provisions recognised constitute a fair and reasonable estimate of the effect on the Group's equity that could arise from the resolution of the lawsuits, claims or potential obligations that they cover. They were quantified by management of the Parent and of the subsidiaries, with the assistance of their advisers, considering the circumstances specific to each case.

a) Long-term employee obligations:

Long term employee obligations contain pension plans and other obligations to employees of Velosi amounting to EUR 3,812 thousand (2013: EUR 2,949 thousand) and to employees of RTD amounting to EUR 1,784 thousand (2013: 2,311 thousand).

The pension plans of RTD relate to loyalty bonuses with current employees of the companies located in the Netherlands and Germany. These plans include the provision to pay one salary payment to current employees upon completing 25 years of service and two salary payments upon completing 40 years of service.

The pension plans at Velosi also relate to loyalty bonuses of current employees at companies located, mainly, in the Middle East and Italy.

b) Other provisions:

Other provisions contains mainly:

- Litigation in progress due to alleged breach by one of the subsidiaries of an agreement with a third party. A provision of EUR 1,500 thousand was recognised relating to the risk estimated by the Directors and their legal advisers arising from the outcome of this litigation.

- An arbitral award ordering a Group subsidiary to pay USD 3,347 thousand to a third party and ordering a third party to pay USD 2,220 thousand to a Group subsidiary due to discrepancies in the final outcome of work performed in a project. The Group has recognised a provision of EUR 1,429 thousand in this connection.

- Additionally, there are EUR 2,071 thousand to cover contingencies in connection with an early settlement of certain employment claims in USA and related opposing counsel fees EUR 18.1 million for certain tax contingencies to which the Group is exposed (see Note 20.1)

See Notes 20.6 and 27.b for the most notable litigation and most significant contingencies to which the Group is exposed.

18. Other current and non-current liabilities

The detail of "Other Non-Current Liabilities" and "Other Current Liabilities" in 2014 and 2013 is as follows (in thousands of euros):

	31/12/14	31/12/13
Variable price of the acquisition of ownership interest payable at long term (earn outs)	10,154	8,186
Other non-current liabilities	1,127	1,253
Other non-current liabilities	**11,281**	**9,439**
Variable price of the acquisition of ownership interest payable at short term (earn outs)	-	6,386
Other current liabilities	4,119	4,218
Other current liabilities	**4,119**	**10,604**
Total other liabilities	**15,400**	**20,043**

In 2014 the Group recognised as a non-current liability the provision for the variable portion of the price of the new acquisition of the Chilean company Ingelog Consultores de Ingeniería y Sistemas, S.A., amounting to EUR 1,662 thousand (see Note 2.b.e.1.1). Payment is scheduled for 2016.

In 2013 the Group recognised under "Long-Term Provisions" those relating to the portion of the earn-outs of the new acquisitions made, namely Testex Inspection LLC and Applus Velosi OMS Co Ltd, for USD 6,000 thousand (EUR 4,360 thousand) and USD 2,000 thousand (EUR 1,453 thousand), respectively (see Note 2.b.e.1.1). Payment is scheduled for 2016.

Also, at 31 December 2014 and 2013 it included EUR 2,566 thousand relating to the deferred payment on the acquisition of the subsidiary Idiada Automotive Technology, S.A. payable in 2016.

"Other Current Liabilities" includes accrual accounts of EUR 2,801 thousand and other financial payables not relating to bank borrowings amounting to EUR 1,318 thousand (2013: EUR 3,002 thousand and EUR 1,216, respectively).

19. Trade and other payables

The detail of trade and other payables in 2014 and 2013 is as follows:

	Thousands of euros	
	31/12/14	31/12/13
Trade and other payables	172,876	171,529
Trade and other payables with related parties (Note 28)	1,713	-
Remuneration payable	58,297	63,005
Tax payables	55,752	55,007
Total	**288,638**	**289,541**

The difference between the reasonable and nominal value does not differ significantly.

The Group's average payment period in 2014 was 48 days (2013: 43 days).

"Remuneration Payable" includes, among other concepts:

a) 8,277 thousand euros corresponding to the incentives to be received in RSU's by 10 senior executives of the Group derived from the initial public offering (See Note 29).

b) EUR 833 thousand (31 December 2013: EUR 3,093 thousand) relating to the incentives receivable by some Group senior executives if the Group achieves certain financial aggregates in 2014, 2015 and 2016 (see Note 29).

The remainder of the balance of this line item relates to ordinary remuneration payable as annual bonus and extra and holidays accruals,

In "Tax Payables" the Group recognised the amounts payable of value added taxes, social security taxes and personal income tax withholdings (or equivalent taxes in each country).

Disclosures on the payment periods to suppliers. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July

The Group companies with tax domicile in Spain have adjusted their payment periods to adapt them to Additional Provision Three "Disclosure obligation" of Law 15/2010, of 5 July. As required by the aforementioned Law, the disclosures relating to the payments made and outstanding at year-end are as follows:

	Amounts paid and payable at year-end (in thousands of euros)			
	2014		2013	
	Amount	%	Amount	%
Paid in the maximum payment period	69,520	48%	58,623	46%
Remainder	74,055	52%	67,636	54%
Total payments made in the year	**143,575**	**100%**	**126,259**	**100%**
Weighted average period of late payment (days)	104		108	
Weighted average period of late payment (days)	44		48	
Payments at the end of the period not made in the maximum payment period	4,311		5,171	

The data shown in the foregoing table relate exclusively to the Spanish companies, which are those with a payment period that is significantly greater than the Group average of 48 days. The data shown in the foregoing table on payments to suppliers relate to the suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to "Trade Payables" under "Current Liabilities" in the consolidated balance sheet. However, the vast majority of the aforementioned payables was paid within 2015.

Weighted average period of late payment was calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers outside the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period. The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 60 days. The maximum legal payment period for 2013 was 60 days.

20. Tax Matters

20.1 Corporate income tax expense/(benefit) recognised in the consolidated income statement

The detail of the corporate income tax expense/(benefit) recognised in 2014 and 2013 is as follows (in thousands of euros):

	2014	2013
Current tax:		
For the year	29,398	28,032
Prior years	18,101	-
Deferred tax:		
For the year	(12,070)	(41,364)
Prior years	(10,307)	(2,627)
Adjustments due to changes in corporate income tax rates and laws	(14,511)	-
Net decrease in deferred tax assets (Note 20.3)	-	54,791
Corporate Income tax expense (benefit)	**10,611**	**38,832**

The current tax expense of prior years relates mainly to the provision for tax contingencies described in Note 20.6.

The deferred tax benefit of prior years arose mainly from the tax audit initiated in March 2013 at the Group's Parent in relation to corporate income tax for 2008 to 2011. On 24 July 2014, an assessment was received, which became final 30 days later, which led to the regularisation of certain tax assets and liabilities amounting to EUR 8,8 million (see Note 20.6).

The adjustments arising from changes in corporate income tax rates and laws reflect the impact of revaluing the deferred tax assets and liabilities of the consolidated tax group headed by the Group's Parent based on the reduction of the standard corporate income tax rate to 28% for 2015 and to 25% for subsequent years (see Note 20.6).

The detail of the changes in deferred taxes, recognised as corporate income tax expense/(benefit) in the consolidated income statement, is as follows:

	2014	2013
Tax credits for tax loss carry forwards	16,492	40,286
Withholding taxes and other unused tax credits	390	(5,912)
Temporary differences		
Amortisation of intangible assets recognized at fair value	(36,098)	(24,496)
Impairment of the Spanish company portfolio	(419)	8,711
Other provisions - Spanish companies	(2,507)	(4,009)
Finance costs - Spanish companies	1,971	(2,626)
Spanish Companies Goodwill	(16,021)	643
Measurement and depreciation of fixed assets - Foreign companies	3,666	2,600
Provisions - Foreign companies	1,562	(2,320)
Spanish depreciation and amortisation charge	(1,197)	967
Other	(4,727)	(3,044)
Deferred corporate income tax expense (benefit)	**(36,888)**	**10,800**

The corporate income tax expense/(benefit) is calculated as follows (in thousands of euros):

	2014	2013
Loss before tax	**41,788**	**(126,680)**
Consolidated corporate income tax rate of 30%	**12,536**	**(38,004)**
Tax effect of:		
Differences due to corporate income tax rates in different countries	4,492	1,253
Non-deductible impairment of goodwill	-	24,386
Non-deductible expenses	1,911	6,632
Tax-exempt income	(1,186)	(885)
Deduction of unrecognised tax assets	(425)	(7,268)
Adjustment of prior years' corporate income tax	7,794	(2,073)
Adjustments due to changes in corporate income tax rates and laws	(14,511)	
Provisions and derecognition of tax credits	-	54,791
Corporate income tax expense (benefit)	**10,611**	**38,832**

20.2 Current corporate income tax receivables and payables

The detail of the current corporate income tax receivables and payables at the end of 2014 and 2013 is as follows (in thousands of euros):

	31/12/14	31/12/13
Current corporate income tax receivables	**14,380**	**12,013**
Corporate income tax prepayments	14,380	10,279
Accounts receivable relating to tax losses	-	1,734
Current corporate income tax payable	**13,676**	**18,787**
Corporate income tax payables	13,676	18,787

20.3 Deferred tax assets

The detail of "Deferred Tax Assets" at the end of 2014 and 2013 is as follows:

	Thousands of Euros	
	31/12/14	31/12/13
Spanish companies	34,645	51,557
US companies	7,760	7,319
Other foreign companies	1,581	1,602
Tax credits for tax loss carry forwards	**43,986**	**60,478**
Spanish companies	5,371	-
Foreign companies	5,010	10,771
Withholding taxes and other unused tax credits	**10,381**	**10,771**
Temporary differences due to the non-deductibility of finance costs exceeding 30% of the profit from operations as provided for in Royal Decree-Law 12/2012	16,510	18,481
Other temporary differences - Spanish companies	7,910	6,775
Other temporary differences - Foreign companies	7,134	5,222
Total temporary differences	**31,554**	**30,478**
Total deferred tax assets	**85,921**	**101,727**

The deferred tax assets indicated above were recognised because the Parent's Directors considered that, based on their best estimate of the Group's future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

At the end of each year the Parent's Directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered, assessing all the circumstances and in accordance with the best possible estimate of the company's future results, including certain tax planning initiatives.

Pursuant to the new tax legislation, namely Law 27/2014, of 27 November 2014, the Spanish companies do not have any time limit for offsetting the aforementioned tax losses. However, the recognition of the tax assets for accounting purposes took into consideration a specified time horizon. In this regard, at 31 December 2014 the tax assets that continued to be recognised were those which the Parent's Directors considered would be probably offset over a time period of less than ten years through the obtainment of sufficient future profits, taking into account for the recovery of the tax assets the criteria established in Law 27/2014, of 27 November 2014.

The factors taken into consideration for retaining the deferred tax assets in assets, including tax loss carryforwards, tax credits and temporary differences at 31 December 2014, which support their future recoverability, were as follows:

- The Group's business plan approved by the Parent's Board of Directors for 2015-2019 envisages the same growth trend in 2015 and subsequent years as hitherto regarding profit (see the main assumptions of the business plan in Note 31), which will be sufficient to offset all the tax losses over the coming 7 years.

- In 2014 the consolidated Group in Spain obtained taxable income of EUR 1,417 thousand (2013: EUR 34,259 thousand) which enabled it to use unrecognised tax assets from prior years amounting to EUR 354 thousand in 2014 (2013: EUR 10,277 thousand).

- A mandate was issued by the Board of Directors to the Parent's management to execute all of the initiatives envisaged in the business plan and it is considered highly probable that it will be met in light of the experience of prior years and the events of the first two months of 2015.

The prior years' tax loss carryforwards of the Spanish companies at the end of 2014 and 2013 are as follows:

2014

Year incurred	Miles de Euros	
	Recognised	Not recognised
2004	-	122
2005	-	11,252
2006	-	2,586
2007	382	35,495
2008	203	2,411
2009	43,801	1,268
2010	58,254	2,029
2011	55,541	3,477
2012	3,352	10,020
2013	1,640	8,132
2014	3,722	7,342
Total	**166,895**	**84,134**

2013

Year incurred	Miles de Euros	
	Recognised	Not recognised
2005	-	16,215
2006	-	7,962
2007	-	43,076
2008	-	26,898
2009	61,138	34,918
2010	66,260	15,757
2011	58,943	3,458
2012	5,556	7,128
2013	1,380	7,544
Total	**193,277**	**162,956**

Most of the Group's tax losses arose from the Spanish companies' consolidated tax group (EUR 138,581 thousand recognised and EUR 39,046 thousand not recognised).

The detail of the Spanish companies' unused tax credits at the end of 2014 and 2013 is as follows:

Year	Thousands of Euros			
	2014		2013	
	Recognised	Not recognised	Recognised	Not recognised
1999	-	-	-	82
2000	-	187	-	187
2002	-	613	-	613
2003	-	77	-	77
2004	-	106	-	314
2005	-	357	-	448
2006	-	290	-	531
2007	-	338	-	683
2008	1,015	1,114	-	4,510
2009	-	2,080	-	2,248
2010	-	2,164	-	2,226
2011	-	2,183	-	2,239
2012	-	2,740	-	2,650
2013	4,356	34,362	-	1,300
Total	**5,371**	**46,611**	**-**	**18,108**

Of the total recognised and unrecognised tax credits, EUR 10,565 thousand relate to incentive to certain activities (mainly investment in R&D+i expenditure), EUR 32,551 thousand relate to double taxation credits and EUR 2,114 thousand to the reinvestment of gains at 31 December 2014 (31 December 2013: EUR 10,126 thousand related to investment in R&D+i expenditure, EUR 4,988 thousand to double taxation credits and EUR 2,114 thousand to the reinvestment of gains).

The foreign companies' unused tax credits not recognised in the accompanying consolidated balance sheet are not material.

20.4 Deferred tax liabilities

"Deferred Tax Liabilities" on the liability side of the accompanying consolidated balance sheets at 31 December 2014 and 2013 includes mainly the following:

- A deferred tax liability associated with the recognition at fair value of the assets identified upon the acquisition of the Applus Servicios Tecnológicos, S.L.U. subgroup, amounting to EUR 120,356 thousand (31 December 2013: EUR 153,709 thousand, see Note 5).

- A deferred tax liability associated with the recognition at fair value of the assets identified when the other three business combinations of other Group companies, amounting to EUR 10,011 thousand, took place (31 December 2013: EUR 12,756 thousand, see Note 5).

- The tax effect of the amortisation of goodwill paid on the acquisition of foreign companies amounting to EUR 3,305 thousand (31 December 2013: EUR 17,001 thousand). In 2014, as a result of the tax assessment (see Note 20.6), EUR 12.7 million relating to the deferred tax liability arising from the amortisation for tax purposes of the goodwill of the RTD Group were derecognised.

- Deferred tax liabilities of EUR 27,352 thousand (31 December 2013: EUR 22,156 thousand) arising as a result of differences in the amortisation/depreciation of assets, measurement of assets, and goodwill for tax and accounting purposes.

- Other deferred tax liabilities amounting to EUR 6,746 thousand at 31 December 2014 (31 December 2013: EUR 12,517 thousand).

20.5 Corporate IncomeTax rates applicable to the Group

The various companies calculate their corporate income tax expense in accordance with their respective legislation. The main corporate income tax rates applicable to the Group are as follows:

Country	Tax rate	Country	Tax rate	Country	Tax rate
Spain	30%(*)	UK	21%	Angola	35%
US	40%	Germany	30%	United Arab Emirates	-
Finland	20%	Australia	30%	Luxembourg	29.2%
Ireland	12.5%	Italy	31.4%	Kuwait	15%
Canada	26.5%	Brazil	25%	Malaysia	25%
Norway	27%	Argentina	35%	Singapore	17%
Denmark	24.5%	Chile	20%	Qatar	10%
Netherlands	25%	Colombia	25%	Saudi Arabia	20%

(*) 28% for 2015 and 25% for 2016 and forward

20.6 Years open for review and tax audits

The Spanish companies have open for review by the tax authorities the last three years for all of the applicable taxes. The foreign companies have the last few years open for review in accordance with the legislation in force in each of their respective countries. The Parent's Directors do not expect any additional significant liabilities to arise in the event of a tax audit.

Following is a detail of the main tax audits that are ongoing and the main tax contingencies to which the Group is exposed:

In August 2010 the Canadian tax authorities ordered a Group company to provide them with information in relation to the tax benefits arising from the financial reorganisation of the Group. On 21 February 2013, the tax authorities notified the company of the commencement of a tax audit in relation to the tax treatment of the borrowing costs on a loan of CAD 27 million received by the company. The tax authorities are claiming the application of a 5% tax withholding from the nominal value of the loan received (CAD 1.9 million, EUR 1.3 million at 31 December 2014). The Group paid the amount claimed and recognised a provision for the corresponding expense in 2013. The tax authorities are also questioning the company's equity for tax purposes which may give rise to the tax authorities subsequently questioning the deductibility of the interest of CAD 3.3 million (EUR 2.3 million at 31 December 2014) incurred on the aforementioned loan. The Parent's Directors and their external legal advisers consider it improbable that this amount will have to be paid and, accordingly, no provision was recognised in this regard.

In October 2010 and December 2011, the Finnish tax authorities filed a challenge before the Tax Correction Board relating to the tax returns for 2008 and 2009 filed by the branch that the Group has in Finland, in which it questioned the deductibility for tax purposes of interest arising from the transfer of costs for accounting purpose. In relation to those years, in May 2014 the Group received a decision from the Administrative Court dismissing the appeal but an appeal has been filed at the Supreme Court. In 2013 the Finnish tax authorities extended the appeal to cover the tax returns relating to 2010, 2011 and 2012, the decision from the Tax Correction Board dismissing the appeal having been received on 5 June 2014, which has been appealed by the Group at the Administrative Court. In November of 2014, the Finnish tax authorities have broaden the object of the inspection to the tax returns corresponding to 2013, which at the date of authorisation of these Consolidated Financial Statements, await the Tax Correction Board's decision. The possible economic consequences for the Group, based on the years audited and the open years, total EUR 11.1 million, for which a provision was recognised under "Long-Term Provisions" in the accompanying consolidated financial statements.

On 30 August 2011, Chile's Internal Revenue Service notified the Group of its disagreement with the tax returns filed in 2008 by a Group company due to alleged breaches of the Chilean Corporate Income Tax Law, totalling CLP 1,172 million (31 December 2014: approximately EUR 1,529 thousand), including penalties and late-payment interest. The Group initiated a claim process in which it has contested these amounts. In 2013 Chile's Internal Revenue Service reduced the amount claimed to disagreement with the tax returns filed in 2010 for a total of CLP 933 million (31 December 2014: EUR 1,209 thousand), including penalties and late-payment interest. There are EUR 2,500 thousand provisioned for such fiscal risk.

In March 2013 the Spanish tax authorities notified the Spanish Group companies Applus Services, S.A., Applus Servicios Tecnológicos, S.L.U., Idiada Automotive Technology, S.A., LGAI Technological Center, S.A. and Applus Iteuve Technology, S.L.U. of the commencement of a tax audit in relation to the following:

- Income tax for 2008, 2009, 2010 and 2011.

- VAT for 2009, 2010 and 2011.

- Personal income tax withholdings and prepayments for 2009, 2010 and 2011.

- Tax withholdings and prepayments relating to income from movable capital for 2009, 2010 and 2011.

- Tax withholdings and prepayments relating to property income for 2009, 2010 and 2011.

- Non-resident income tax withholdings and prepayments for 2009, 2010 and 2011.

In relation to the aforementioned facts, the 2014 the tax audit was completed and the following tax assessments were received:

- On 14 July 2014, assessments were received for all the taxes being audited of LGAI Technological Center, S.A., Idiada Automotive Technology, S.A. and Applus Iteuve Technology S.L.U. totalling EUR 79 thousand, which the Group signed on an uncontested basis and paid.

- On 17 July 2014, tax assessments were received with regard to all of the taxes being audited of Applus Servicios Tecnológicos, S.L.U. The total tax assessments signed on an uncontested basis amounted to EUR 1,549 thousand and were paid by the Group.

- On 24 July 2014, tax assessments were received for all of the taxes being audited of the Parent Applus Services, S.A. The total tax assessments signed on an uncontested basis amounted to EUR 1,632 thousand and were paid by the Group (disregarding income tax, as discussed below).

In the tax assessments relating to the tax audits issued against the Spanish consolidated tax group the tax authorities questioned three matters relating to the corporate income tax of the Spanish consolidated tax group:

- The tax authorities questioned certain of the tax losses reported by the group for 2008, 2009, 2010 and 2011 totalling EUR 97 million (tax asset of EUR 29.1 million). Provisions had been recognised for certain of these tax assets, amounting to EUR 21.7 million, at 31 December 2013. Therefore, the tax assets recognised for tax loss carryforwards were overstated by EUR 7.4 million, which increased the corporate income tax expense for 2014.

- The tax authorities also challenged the deductibility of the amortisation of the goodwill paid on the acquisition of foreign companies and concluded that the associated deferred tax liability was overstated by EUR 12.7 million, which gave rise to an income tax benefit for 2014.

- In addition, for 2012 and 2013, which were not open for review, the Group decided to apply the conclusions set forth in the tax assessments for 2008-2011 and also regularised the deferred tax asset relating to the non-deductibility of borrowing costs and concluded that it had wrongly recognised deferred tax assets amounting to EUR 3.5 million. At 2013 year-end the Company had recognised provisions for deferred tax assets amounting to EUR 7 million and, therefore, at the end of 2014 it recognised an income tax benefit of EUR 3.5 million as a result of the excessive provision recognised in 2013.

Accordingly, the tax assessments had a positive impact of EUR 8.8 million on the income tax expense for 2014.

Lastly, it should be mentioned that the tax authorities did not impose penalties in relation to all the items adjusted in the aforementioned tax audits, since they considered that all the companies audited had interpreted the applicable tax legislation in a reasonable fashion.

Also, Law 27/2014, of 27 November, reforming corporate income tax legislation came into force in 2014. These reforms include, inter alia, the reduction of the standard income tax rate to 28% for 2015 and to 25% for 2016. Accordingly, the Group adjusted its tax assets based on these new future corporate income tax rates, giving rise to a negative impact of EUR 11.8 million as a result of the adjustment of its deferred tax assets and a positive impact of EUR 26.1 million as a result of the adjustment of its deferred tax liabilities, which had a net positive impact of EUR 14.3 million on the consolidated statement of profit or loss for 2014.

These notes to the financial statements do not include the information referred to in Article 42 bis of Royal Decree 1065/2007 in relation to persons resident in Spain, whether legal entities that are beneficiaries or holders of accounts abroad or individuals from the Group who are authorised representatives for accounts abroad held by a Group subsidiary non-resident in Spain, since such information is duly recorded and detailed in the Group's accounting records pursuant to Article 42 bis 4.b of Royal Decree 1065/2007.

21. Operating income and expenses

a) Revenue

The breakdown, by geographical market, of the Company's revenue for 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Spain	258,782	275,665
Rest of Europe	458,885	422,530
US and Canada	369,353	362,401
Asia and Pacific	224,017	250,390
Middle east and Africa	184,467	160,486
Latin America	123,213	109,029
Total	**1,618,717**	**1,580,501**

b) Staff costs

The detail of "Staff Costs" in the accompanying consolidated income statements is as follows:

	Thousands of euros	
	2014	2013
Wages, salaries and similar expenses	655,119	624,250
Termination benefits	5,209	5,511
Employee benefit costs	90,912	87,894
Other staff costs	79,132	66,706
Total	**830,372**	**784,361**

The average number of employees at the Group, by professional category and gender, is as follows:

Professional category	Average number of employees 2014		
	Men	Women	Total
Top management	190	31	221
Middle management	455	145	600
Supervisors	1,272	280	1,552
Operational employees & others	13,267	2,959	16,226
Total	**15,184**	**3,415**	**18,599**

Professional category	Average number of employees 2013		
	Men	Women	Total
Top management	185	32	217
Middle management	407	133	540
Supervisors	1,119	203	1,322
Operational employees & others	12,164	2,920	15,084
Total	**13,875**	**3,288**	**17,163**

Also, the distribution of the workforce, by gender and category, at the end of 2014 and 2013 is as follows:

Professional category	No. of employees 2014		
	Men	Women	Total
Top management	194	29	223
Middle management	450	145	595
Supervisors	1,226	276	1,502
Operational employees & others	13,147	2,953	16,100
Total	**15,017**	**3,403**	**18,420**

Professional category	No. of employees 2013		
	Men	Women	Total
Top management	181	33	214
Middle management	408	139	547
Supervisors	1,103	192	1,295
Operational employees & others	12,429	2,971	15,400
Total	**14,121**	**3,335**	**17,456**

c) Other results

The detail of other losses at the end of 2014 and 2013 relates mainly to extraordinary termination benefits amounting to EUR 4,458 thousand and EUR 4,849 thousand, respectively, and to other expenses relating to start-up costs, other restructuring costs and, in particular, extraordinary expenses relating to the Group's IPO (Initial Public Offering) in May 2014.

*d) **Fees paid to auditors***

The fees for financial audit services provided to the various companies composing the Group by the principal auditor in 2014 amounted to EUR 1,727 thousand (2013: EUR 1,799 thousand).

The fees in this connection paid to other auditors amounted to EUR 305 thousand in 2014 (2013: EUR 124 thousand).

Also, the fees relating to other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor in 2014 amounted to EUR 1,242 thousand (2013: EUR 186 thousand), of which EUR 865 thousand (2013: EUR 0 thousand) relate to the Group IPO, EUR 214 thousand (2013: EUR 29 thousand) related to other attest services, EUR 98 thousand to tax services (2013: EUR 61 thousand) and the remainder to other services.

22. Financial result

The detail of the financial loss in 2014 and 2013 is as follows:

	Thousands of euros	
	2014	2013
Total finance income	**2,267**	**1,492**
Finance costs:		
Finance costs arising from derivatives transactions	-	(6,688)
Borrowing costs relating to syndicated loan (Note 14)	(27,550)	(43,129)
Borrowing costs relating to participating loan	-	(14,351)
Other finance costs paid to third parties	(10,257)	(9,360)
Exchange differences	(1,048)	(14,371)
Total finance costs	**(38,855)**	**(87,899)**
Total financial loss	**(36,588)**	**(86,407)**

23. Impairment and gains or losses on disposal of non-current assets

The detail of the impairment losses and the gains and losses on asset disposals is as follows:

	Thousands of euros	
	2014	2013
Impairment of intangible assets (Note 6)	-	(37,882)
Impairment of goodwill (Note 6)	-	(81,285)
Total impairment losses	**-**	**(119,167)**
Total disposals or derecognitions	**2,972**	**1,596**
Total net loss	**2,972**	**(117,571)**

In 2014 "Disposals or Reductions" mainly includes:

- The profit of EUR 4,100 thousand on the sale of Röntgen Technishe Dienst, N.V (Belgium company). (see Note 2.b.e.3.).

- The profit of EUR 2,769 thousand on the sale of the agro-food business division and the entire ownership interest in Irtapplus, S.L. and Applus Agroambiental, S.A. (see Note 2.b.e.3.).

24. Proposal of allocation of profit/loss

The proposed allocation of the Parent's net profit for 2014 is as follows:

	Thousands of euros
Basis of allocation:	
Profit (Loss) for the year	13,607
	13,607
Allocation:	
To dividends	13,607
Total	**13,607**

The Parent's Board of Directors will present in the next Shareholder's Meeting the proposal to distribute dividends of the result of 2014 and an extraordinary dividends distribution with charge to reserves, for a total amount of EUR 0.13 per share to all outstanding shares (130,016,755 shares). The final amount will be a gross dividend of EUR 16,902 thousand.

Additionally, the Parent's Board of Directors will present in the next Shareholder's Meeting the following proposals for its approval:

- Allocation of the result from the year ended 31 December 2014, amounting EUR 13,607 thousand to dividends.

- Distribution of dividends with charge to reserves amounting EUR 3,295 thousand.

- Reduction of the legal reserve by EUR 8,731 thousand, to record it as voluntary reserves. It is noted that the amount reduced is equivalent to an excess of 20% of the company's capital. Consequently, the legal reserve will amount to EUR 2,600 thousand which is equivalent to the 20% of capital.

- Compensation of prior year results amounting EUR 31,649 thousand, and compensation of the negative reserve derived from the expenses related to the capital increase amounting EUR 5,683 thousand, against the equivalent amount of share premium. Following such compensation, the total amount of share premium will be EUR 313,525 thousand.

25. Segment information

The Group operates through six operating divisions and a holding division, each of which is considered to be a segment for financial reporting purposes. All of the divisions operate under the Applus brand. The six operating segments are as follows:

- Applus + RTD: global provider of non-destructive testing services mainly to the oil industry. It also provides services to companies in the energy, aerospace and civil infrastructure industries. Applus RTD's services enable its customers to verify the mechanical, structural and physical soundness of assets without causing damage to them, either when they are installed or during their useful lives.

- Applus + Velosi: global provider of inspection, quality control, certification and technical personnel recruitment services mainly for the oil industry. Applus Velosi's services enable its customers to ensure compliance with the specifications defined during infrastructure procurement, construction and operation processes.

- Applus + Norcontrol: provides comprehensive solutions for technical assistance, supervision, inspection, quality control testing and consulting services mainly in relation to industrial, electrical, oil and telecommunications facilities.

- Applus + Laboratories: offers a wide range of laboratory testing, system certification and product development services across various industries, including the aerospace, industrial and consumer goods sectors.

- Applus + Automotive (Auto): offers obligatory vehicle roadworthiness testing services, verifying vehicles' compliance with safety and emissions regulations in force in the various countries in which it operates.

- Applus + IDIADA: offers design, engineering, testing and certification services mainly to car manufacturers.

The Parent's Directors have identified the foregoing segments based on the following criteria:

- It carries on business activities whereby it can obtain ordinary revenue and incur expenses (including ordinary expenses and expenses arising from transactions with other components of the same entity),

- Its operating results are reviewed regularly by management who take operating and management decisions at the entity in order to decide on the resources to be allocated to the segment and evaluate its performance, and

- Separate financial information is available.

These criteria used to identify the business segments comply with IFRS 8.

a) Financial information by segment:

The financial information, by segment, in the consolidated income statement for 2014 and 2013 is as follows (in thousands of euros):

2014

	Applus + RTD	**Applus + Velosi**	**Applus + Norcontrol**	**Applus + Laboratories**	**Applus + Automotive**	**Applus + IDIADA**	**Other**	**Total**
Revenue	547,799	392,679	205,733	46,946	279,738	145,480	342	**1,618,717**
Operating expenses	(484,174)	(355,017)	(183,369)	(40,752)	(209,824)	(121,497)	(38,772)	**(1,433,405)**
Profit/Loss from operations before amortisation, impairment and other gains or losses	**63,625**	**37,662**	**22,364**	**6,194**	**69,914**	**23,983**	**(38,430)**	**185,312**
Depreciation and amortisation charge	(27,324)	(11,778)	(6,117)	(5,619)	(32,595)	(7,591)	(749)	**(91,773)**
Impairment and gains or losses on disposal of non-current assets	4,232	138	1,485	(2)	(87)	(134)	(2,660)	**2,972**
Other losses	(4,085)	(3,827)	(1,391)	(718)	(1,638)	(365)	(8,366)	**(20,390)**
Profit/(Loss) from operations	**36,448**	**22,195**	**16,341**	**(145)**	**35,594**	**15,893**	**(50,205)**	**76,121**

2013

	Applus + RTD	Applus + Velosi	Applus + Norcontrol	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Revenue	558,574	372,576	186,158	56,637	273,599	132,513	444	**1,580,501**
Operating expenses	(490,539)	(336,802)	(165,651)	(49,396)	(202,352)	(110,521)	(35,788)	**(1,391,049)**
Profit/Loss from operations before amortisation, impairment and other gains or losses	**68,035**	**35,774**	**20,507**	**7,241**	**71,247**	**21,992**	**(35,344)**	**189,452**
Depreciation and amortisation charge	(27,781)	(11,930)	(6,712)	(6,542)	(35,562)	(6,596)	(2,500)	**(97,623)**
Impairment and gains or losses on disposal of non-current assets	(16,585)	1,614	(11,334)	(89)	(91,201)	22	2	**(117,571)**
Other losses	(1,687)	(3,391)	(2,662)	(1,061)	(1,324)	(525)	(6,374)	**(17,024)**
Profit/(Loss) from operations	**21,982**	**22,067**	**(201)**	**(451)**	**(56,840)**	**14,893**	**(44,216)**	**(42,766)**

The "Other" segment includes the financial information corresponding to the Applus Group's holding activity.

The finance costs were allocated mainly to the "Other" segment as it is the holding divisions that have bank borrowings (see Note 14).

The non-current assets and liabilities, by business segment, at the end of 2014 and 2013 are as follows (in thousands of euros):

2014

	Applus + RTD	Applus + Velosi	Applus + Norcontrol	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	181,144	26,888	24,883	29,239	183,972	56,433	1,150	**503,709**
Other intangible assets	159,706	46,793	33,229	26,169	273,047	43,630	1,241	**583,815**
Property, plant and equipment	54,078	7,018	21,765	6,955	86,078	17,893	361	**194,148**
Non-current financial assets	1,191	5,340	2,742	46	2,183	880	340	**12,722**
Deferred tax assets	5,300	1,995	11,175	1,507	10,736	840	54,368	**85,921**
Total non-current assets	**401,419**	**88,034**	**93,794**	**63,916**	**556,016**	**119,676**	**57,460**	**1,380,315**
Total liabilities	**114,745**	**108,859**	**68,668**	**27,676**	**156,020**	**66,196**	**793,211**	**1,335,375**

2013

	Applus + RTD	Applu + Velosi	Applus + Norcontrol	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	178,041	26,469	12,320	29,239	183,972	56,555	1,286	**487,882**
Other intangible assets	166,156	54,313	35,364	28,646	301,557	44,855	1,804	**632,695**
Property, plant and equipment	55,746	7,434	21,138	9,135	80,108	15,472	417	**189,450**
Non-current financial assets	43	5,747	1,320	50	4,753	434	1,484	**13,831**
Deferred tax assets	7,290	3,297	15,597	1,407	10,648	808	62,680	**101,727**
Total non-current assets	**407,276**	**96,701**	**85,739**	**68,477**	**581,038**	**118,124**	**67,671**	**1,425,585**
Total liabilities	**147,111**	**111,664**	**62,757**	**26,994**	**160,164**	**56,850**	**1,135,091**	**1,700,631**

The bank borrowings were allocated to the "Other" segment as it is the holding divisions that have bank borrowings (see Note 14).

The additions to intangible assets and property, plant and equipment, by business segment, in 2014 and 2013 are as follows (in thousands of euros):

	Applus + RTD	Applus + Velosi	Applus + Norcontrol	Applus + Laboratories	Applus + Automotive	Applus + Idiada	Other	Total
Capex 2014	16,908	3,393	5,326	2,428	11,615	7,395	762	**47,827**
Capex 2013	23,369	2,398	4,930	3,503	6,870	10,208	1,018	**52,296**

b) Financial information by geographic segment:

Since the Group is present in several countries, the information has been grouped geographically.

The sales, by geographical area, in 2014 and 2013, were as follows:

	Thousands of euros	
	2014	2013
Spain	258,782	275,665
Rest of Europe	458,885	422,530
US and Canada	369,353	362,401
Asia and Pacific	224,017	250,390
Middle East and Africa	184,467	160,486
Latin America	123,213	109,029
Total	**1,618,717**	**1,580,501**

The non-current assets, by geographical area, in 2014 and 2013, are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Middle East and Africa	Asia-Pacific	Latin America	Total
31 December 2014	693,961	299,317	213,596	7,246	127,976	38,219	**1,380,315**
31 December 2013	731,953	457,688	105,651	7,529	99,914	21,035	**1,423,770**

26. Operating leases

The Group holds the right of use of certain assets through finance leases (see Note 7) and operating leases. The most significant operating leases relate to the lease of premises and vehicles and to royalties payable for the various concessions operated by the Group.

The expenses incurred by the Group in 2014 in relation to rent and royalties amounted to EUR 89,281 thousand (2013: EUR 98,242 thousand).

At the end of 2014 and 2013 the Group had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions (in thousands of euros), not including the expenses for royalties available to the Group:

Operating leases	2014	2013
Within one year	43,679	44,710
Between one and five years	110,632	116,592
After five years	15,133	15,197
Total	**169,444**	**176,499**

The accompanying table does not include the amounts of the royalties committed for the next few years since these are generally subject to a percentage of the revenue or the investments made. In 2014 the expense relating to royalties totalled EUR 34,769 thousand (2013: EUR 31,288 thousand).

27. Obligations acquired and contingencies

a) Guarantees and obligations acquired

The Group has provided guarantees totalling EUR 7.7 million (2013: EUR 7.7 million) to the Catalonia Autonomous Community Government in connection with the incorporation of the subsidiaries Idiada Automotive Technology, S.A. and LGAI Technological Center, S.A.

The Group has also provided other guarantees to the Catalonia Autonomous Community Government for the management of the vehicle roadworthiness testing services, amounting to EUR 10.5 million (31 December 2013: EUR 10,3 million), primarily to secure payment of the royalty and to guarantee the reversion value of the leased premises in which the companies provide vehicle roadworthiness testing services. The companies for which these guarantees were provided are Applus Servicios Tecnológicos, S.L.U. and Applus Iteuve Technology, S.L.U. for EUR 3 million and EUR 7.5 million (31 December 2013: EUR 2.9 million and EUR 7.4 million), respectively. In addition, other guarantees have been provided to the Catalonia Autonomous Community Government amounting to EUR 144 thousand (31 December 2013: EUR 323 thousand) to guarantee a portion of the administrative authorisation system obligations and commitments.

The total amount provisioned for the reversion of the vehicle roadworthiness testing centres in Catalonia was EUR 16,025 thousand (31 December 2013: EUR 16,025 thousand, see Note 15).

Various banks have provided guarantees to third parties for the subsidiaries Applus Norcontrol, S.L.U., Novotec Consultores, S.A., LGAI Technological Center, S.A. and IDIADA Automotive Technology, S.A. amounting to EUR 12,341 thousand, EUR 1,757 thousand and EUR 1,418 thousand and EUR 2,404 thousand respectively (31 December 2013: EUR 12,214 thousand, EUR 1,912 thousand and EUR 2,438 thousand, EUR 2,096 thousands respectively). These guarantees were given to companies or public agencies as a provisional or definitive guarantee for the tendering of bids or to secure contracts awarded.

In addition, the Group has arranged other guarantees required for the operating activities of various Group companies totalling EUR 34.7 million (31 December 2013: EUR 9.9 million).

The Group also has certain obligations under the financing agreement (see Note 14). These obligations include reporting obligations relating to the Group's financial statements and business plans; the obligation to take certain measures such as guaranteeing accounting closes, compliance with current legislation, etc.; the obligation to refrain from performing certain transactions without the consent of the lender, such as mergers, changes of business activity, assignments, payment of dividends, share redemptions, etc.; and the obligation to achieve certain financial ratios.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying consolidated balance sheet to arise as a result of the transactions described in this Note.

b) Contingencies

b.1. Auto Cataluña

Two third parties filed an appeal for judicial review against certain Articles of Decree 30/2010, of 2 March, implementing Catalan Industrial Safety Law 12/2008, of 31 July and against the whole of Decree 45/2010, of 30 March, approving the territorial plan for new vehicle roadworthiness testing centres in Catalonia for 2010-2014. The subject-matter of the appeal is the regime under which roadworthiness testing centres should operate in Catalonia, the two third parties are claiming a free market regime. Current legislation establishes an administrative authorisation regime until 2035.

In relation to the preceding point, the Applus Group is involved in another appeal for judicial review filed by a third party against the decision of 22 June 2010 granting administrative authorisations to Applus Iteuve Technology, S.L. and Applus ECA-ITV, S.A. as vehicle roadworthiness testing centre concession operators, and against the decision handed down on 21 July 2010 granting an administrative authorisation to Revisions de Vehicles, S.A. as a vehicle roadworthiness testing centre concession operator.

Also, another third-party filed an appeal for judicial review at the Judicial Review Chamber of the Catalonia High Court against the tender awarded under the public call for tenders for the operation of the new centres envisaged in the territorial plan and against the resolution of 4 November 2010, which awarded contracts one and two in the aforementioned public call for tenders.

The aforementioned litigation proceedings were settled unanimously at first instance by the Judicial Review Chamber of the Catalonia High Court by means of various court decisions that accepted the appellants' claims and declared null and void the provisions and acts which had been challenged. Consequently, the judgments of the Catalonia High Court of Justice were handed down on 25 April 2012 (in the appeal in relation to Decree 30/2010 and Decree 45/2010, in which Applus is an appellant), on 13 July 2012 (in the appeal of the public call for tender for the award of the two territorial plan contracts), on 13 September 2012 (in the appeal in relation to the authorisations granted to Applus) and the judgment of 21 March 2013 (in the appeal against the resolution of the award of the public calls for tender).

These judgements declared null and void the regulatory framework and the authorisations granted (including those granted to Applus) since it was considered that Decree 30/2010, of 2 March, implementing Catalan Industrial Safety Law 12/2008, of 31 July, and Decree 45/2010, of 30 March, approving the territorial plan for new vehicle roadworthiness test centres in Catalonia for 2010-2014, and the acts implementing them infringed Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

Cassation appeals were filed against the judgments on the appeals in which Applus is an appellant (25 April and 13 September 2012). The initial effect of the grant of leave to proceed with the cassation appeals was that the judgments of the High Court of Justice of Catalonia are not final and, consequently, at the reporting date they are not enforceable. It should be noted that the aforementioned cassation appeals argue that the judgments of the Catalonia Supreme Court of Justice do not adequately take into account the non-compliance of the activity of vehicle roadworthiness testing with the regime established by Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market. The Group and its advisers consider that the activity of vehicle roadworthiness testing is a service which is included in the area of transport due to its being directly linked to the regulation of road traffic in addition to other general and road safety-related factors.

The Supreme Court issued the interlocutory orders of 11 and 18 February 2014 resolving to suspend the date on which a decision would be handed down on the lawsuits filed with respect to the regime of vehicle roadworthiness testing in Catalonia and, instead of issuing a judgment, it requested to hear all of the parties in relation to the merits of submitting a question for a preliminary ruling from the Court of Justice of the European Union in order to ascertain whether the regime of authorisations for vehicle roadworthiness testing centres in Catalonia is compatible with EU Law. In an order dated 20 March 2014 the Supreme Court applied for a preliminary ruling from the Court of Justice of the European Union. The Court of Justice of the European Union ordered the Applus Group to submit observations in relation to the preliminary ruling, which were presented on 31

July 2014, and an oral hearing was requested. Applus was summonsed for the oral hearing to be held at the Court of Justice of the European Union on 19 March 2015.

It is important to note in this regard that on 3 April 2014 the new directive on periodic roadworthiness tests for motor vehicles (Directive 2014/45/EU), repealing the former Directive 2009/40 with effect from 20 May 2018, was approved. Article 31 states that Directive 2006/123/EC excludes from its scope services of general interest in the field of transport.

It is also of note that the Directorate-General of the Internal Market of the European Commission sent on 5 October 2012 to the AECA-ITV (Spanish Association of Entities working with the Government on Vehicle Roadworthiness Testing) the response to a query stating that, as the Spanish authorities had previously been informed, it is the Commission's view that vehicle roadworthiness testing is outside the scope of Directive 2006/123/EC on services in the internal market, which has been filed with the Supreme Court.

Lastly, it should be noted that:

a) Applus's licence to carry on the activity of vehicle roadworthiness testing in Catalonia is based specifically on Law 12/2008, of 31 July and, therefore, in any case, the content and value thereof are maintained in full force as the decrees implementing the Law are currently subject to appeal but

b) the outcome of the aforementioned litigation proceedings is not expected to result in any fine or penalty for the Group.

Consequently, the Directors view favourably the most recent rulings which will maintain the status quo in Catalonia with respect to Applus's authorisations during the course of the proceedings, which will foreseeably last around two years.

b.2 Other contingencies

Also, Applus Iteuve Euskadi, S.A.U. filed cassation appeal no. 634/2002 at the Supreme Court against the judgment of the Basque Country High Court of 20 July 2001, requesting a new assessment of the roadworthiness tender process in the Basque Country and asking the Basque authorities to review the valuation and scoring of all the lots and all the items, not only those covered by the Supreme Court's decision. On 26 December 2007, the Supreme Court handed down a judgment partially dismissing the judgment of the Basque Country High Court and backdating the administrative proceedings to the date prior to the award and requesting the Basque Autonomous Community Government to make a new valuation. On 31 May 2010 the Basque Autonomous Community Government issued its first evaluation and maintained the highest score for Applus, but the Basque Country High Court handed down an order on 23 June 2011 holding that the decision of the High Court had not been correctly executed and ordered the Basque Autonomous Community Government to carry out a new evaluation. A second evaluation was issued on 8 July 2011 in which the best score in relation to the "Lote 3" (including 2 stations) was achieved by Ita Asua. The Basque Country High Court considered the decision of the High Court to have been correctly executed in an order dated 24 April 2012. Applus filed cassation appeals against both the order of 23 June 2011 and that of 12 July 2012 of the Basque Country High Court. The Supreme Court has not yet handed down any decision in this connection. In October 2013 the Basque Autonomous Community Government enforced the judgment provisionally in a decision issued on 30 September 2013, awarding the concession to Ita Asua (which consists of the Vitoria and Bergara centres), which obliged Applus to abandon the centres and hand over the related concession assets to the grantor. Therefore, although the Applus Group has appealed against the decision, from that date it ceased to operate the concession. The revenue from the concession in the nine-month period of 2013 amounted to EUR 4,214 thousand. On 16 April 2014, the Basque Autonomous Community Government ruled on the appeal, dismissing the Applus Group's claims with respect to the new concession holder's lack of capacity and upholding the economic claims for payment of the amount relating to the unamortised/undepreciated portion of the reverted assets and the refund of the initial deposit. The Applus Group has appealed against the Basque Autonomous Community Government's decision at the Basque Country High Court, filing the appeal for judicial review on 24 November 2014.

The Group disputed the Royal Decree 93/2007 establishing the administrative authorisation concession regime in the Autonomous Community of the Canary Islands (previously the concession regime was an administrative concession regime). On 29 January 2013, the Canary Islands High Court dismissed the claim filed by the Group. A cassation appeal was filed against this decision on 7 March 2013 at the Supreme Court, and it's still pending resolution. AECA ITV (Spanish Association of Entities working with the Government on Vehicle Roadworthiness Testing) also filed an appeal against Royal Decree 93/2007 and obtained a precautionary measure suspending execution of the Royal Decree. An appeal was filed against this precautionary measure by the Canary Islands Autonomous Community Government when the Canary Islands High Court handed down a judgment thereon. The Canary Islands Autonomous Community Government has begun processing authorisation application dossiers (in accordance with Royal Decree 93/2007, which has been appealed) which have been submitted to it in relation to the opening of vehicle roadworthiness testing centres in the Canary Islands. Applus has filed an appeal against all the applications for new centres. On 11 February 2014, the High Court dismissed the appeal for judicial review filed by AECA against Decree 93/2007 of the Canary Islands Autonomous Community Government, upholding that the regime of administrative authorisation for the provision of vehicle roadworthiness testing services in the Canary Islands Autonomous Community is in accordance with the law. Therefore, the status quo of the transitional arrangements is upheld: the concessions awarded and authorisations granted previously will continue to enable the concession holders without the need for prior authorisation although they are obliged to comply with the technical requirements in force.

It should be noted that there is currently a plan to amend Royal Decree 224/2008, of 15 February, on general rules for the installation and operation of the vehicle roadworthiness inspection centres which, inter alia, regulates the regime of incompatibility of the shareholders, management and personnel of the aforementioned centres with regard to other activities related to the vehicles that must be inspected. However, there is no certainty that it will be approved or of its terms, as the case may be. Even if the aforementioned Royal Decree is amended the governments of the autonomous communities continue to have the right to approve it or not.

Also, on 24 May 2014 the Illinois Environmental Protection Agency (IEPA) published its intention to grant the Illinois concession hitherto operated by the Group to a competitor. The Group lodged an appeal against this decision with the Chief Procurement Officer for General Services ("CPO"), who concluded in the Group's favour on 7 August 2014 and declared the need to retender. At the end of 2014 the Illinois Environmental Protection Agency had not named a new date for the holding of a tender for the grant of the concession. The concession granted to the Group expires on 30 April 2015, although it may be extended until the IEPA appoints a new company to operate it.

Certain Brazilian subsidiaries of the Group are facing a number of lawsuits from ex-employees regarding an amount of hours of over-time worked, but that the Group estimates to be unfounded. For that reason, the subject companies are currently presenting their respective defense writings and/or legal recourse for that legal proceeding, thus the Group finds it premature to determine the outcome as well as to quantify the impact on the Group. In any case, such impact would not be significant for the attached consolidated financial statements.

The Parent's Directors consider that the outcome of all above proceedings will not entail additional liabilities to those foreseen in the consolidated financial statements at 31 December 2014. At 2014 year-end, the Parent's Directors were not aware of any significant claims by third parties or any ongoing legal proceedings against the Group, other than those described above, that, in their opinion, could have a material impact on these consolidated financial statements.

28. Transactions and balances with associates and related parties

For the purposes of the information in this section, related parties are considered to be:

- The significant shareholders of Applus Services, S.A., understood to be shareholders holding directly or indirectly 3% or more of the shares, and shareholders which, without being significant, have exercised the power to propose the appointment of a member of the Board of Directors.

- The Directors and senior executives of any Applus Group company, as well close members of those persons' family. "Director" means a member of the Board of Directors and "senior executive" means persons reporting directly to the Board or to the CEO of the Group.

- Associates of the Group.

The transactions between the Parent and its investees were eliminated on consolidation and are not disclosed in this Note.

The transactions between the Group and its associates and related companies disclosed below, are performed in line with market conditions.

Transactions with associates and related companies

In 2014 and 2013 the Group companies performed the following transactions with associates and related parties that did not form part of the Group:

	Thousands of Euros							
	2014				2013			
	Operating revenue	Other revenues	Procurements	Financial income	Operating revenue	Procurements	Royalty expenses	Financial expenses (Note 22)
Azul Finance, S.à r.l..	-	-	-	-	-	-	-	14,351
Velosi LLC	3,959	43	188	-	3,302	-	-	-
Kurtec Pipeline Services LLC	1	-	-	-	60	-	-	-
Velosi (B) Sdn Bhd	-	-	-	10	233	-	-	-
Velosi (M) Sdn Bhd	14,302	-	1,208	-	9,815	1,373	2,240	-
Total	**18,262**	**43**	**1,396**	**10**	**13,410**	**1,373**	**2,240**	**14,351**

The transactions with associates and related parties corresponds to commercial transactions. The Group also has an agreement with Velosi (M) Sdn Bhd for the use of the Velosi brand.

The transactions and balances between the Group and other associates and related parties (Directors and executives) are detailed in Note 29.

During 2014 there have not been any transactions nor are there any significant amounts outstanding at year end, with shareholders.

Balances with associates and related companies

a) Payables to associates and related parties:

	Thousands of Euros	
	Long-term loan and interest	
	31/12/2014	31/12/2013
Velosi LLC	45	-
Kurtec Pipeline Services LLC	73	-
Velosi (M) Sdn Bhd.	1,595	-
Total	**1,713**	-

b) Receivables from associates and related parties:

	Thousands of euros	
	Trade receivables from related companies and associates	
	31/12/14	31/12/13
Velosi LLC	964	727
Velosi (B) Sdn Bhd	333	457
Kurtec Pipeline Services Ltd.	66	49
Kurtec Pipeline Services LLC	608	62
Velosi (M) Sdn Bhd.	6,380	2,903
Total	**8,351**	**4,198**

"Trade Receivables from Related Companies and Associates" relates mainly to commercial transactions.

29. Disclosures on the Board of Directors and senior executives

Remuneration of and obligations to the Board of Directors

In 2014 the remuneration and other benefits earned by the members of the Board of Directors of the Parent amounted to EUR 2,260 thousand (2013: EUR 280 thousand) mainly, in concept of the Executive Director's and Board Members' compensation. The main difference between 2014 and 2013 is that in 2014 the remuneration of the Executive Director, including the exceptional incentive granted to it on the occasion of the initial public offering, is deemed to be remuneration of the Board, not management, and it also includes the termination payment and incentive arising from the termination of the services of the former Chairman of the Group, amounting EUR 830 thousand.

This amount does not include the exceptional incentive granted to the Executive Director explained in further paragraphs, which is quantified under remuneration of and obligations to senior executives.

As regards the remuneration of the Executive Director, the latter is a beneficiary of the so-called "Financial Incentive Plan". This remuneration is composed of (i) the so-called "Financial Incentive Plan", paid in 2014; and (ii) the so-called "Financial Incentive in RSUs", which envisages the delivery, for no consideration, of a given number of *restricted stock units ("RSUs")*.

The Financial Incentive in RSUs was delivered at the time the remuneration system was granted (i.e. 9 May 2014) and the RSUs are exchangeable for shares of the Company pursuant to the vesting schedule agreed upon with the beneficiary of the remuneration system. The RSUs do not confer rights (dividend or voting) of any kind over the Company and are non-transferrable. Each RSU will be exchanged, for no consideration, for one ordinary share of the Company on the planned vesting date, pursuant to the terms and conditions of the Financial Incentive Plan. The value of the financial incentive will therefore depend on the market price of the shares on the vesting date of the RSUs and their consequent exchange for shares of the Company.

The Executive Director has received 1,178,968 RSUs under the Financial Incentive Plan which, if the RSUs were to be exchanged for shares of the Company at the date of this report, would represent 0.91% of the Company's voting power.

In particular, the RSUs delivered to Executive Director under the Financial Incentive Plan will be exchangeable for shares of the Company in accordance with the following vesting schedule:

- 392,989 RSUs on 9 May 2015;

- 392,989 RSUs on 9 May 2016; and

- 392,990 RSUs on 9 May 2017.

The beneficiary's right to exchange his RSUs for shares of the Company under the Financial Incentive Plan will remain in force provided he is still discharging the duties of his position when the RSUs vest, subject to occurrence of events that would cause the RSUs to vest early (death, permanent disability, change of control) and *the bad-leaver and good-leaver* clauses envisaged in the contract.

Should it not be possible to deliver the shares of the Company on the vesting date of the RSUs for reasons attributable to the Company, he will be entitled to receive payment in cash instead of the delivery of shares for an amount equal to (i) the weighted average market price of the shares at the close of all the trading sessions in the calendar quarter prior to the date on which the shares of the Company should have been delivered; multiplied by (ii) the number of shares that should have been delivered in that year pursuant to the Financial Incentive Plan.

The President of the Board of Directors is the beneficiary of a compensation plan referred to as *RSU Award Agreement*. The remuneration plan consists of conferring 6,897 RSUs to the Chairman of the Board taking effect from the date the remuneration plan was granted (that is, 9 May 2014). The RSUs do not confer rights (dividend or voting) of any kind over the Company and are non-transferrable. Each RSU will be exchanged, for no consideration, for one ordinary share of the Company on the planned vesting date, pursuant to the terms and conditions of the *RSU Award Agreement*. The value of the financial incentive will therefore depend on the market price of the shares on the vesting date of the RSUs and their consequent exchange for shares of the Company. The Chairman of the Board has received 6,897 RSUs under the agreement referred to as *RSU Award Agreement* which, if the RSUs were to be exchanged for shares of the Company at the date of this report, would represent 0.005% of the Company's voting power.

The vesting of the RSUs will take effect one year from the date of conferring the financial incentive. The Chairman's right to exchange his RSUs for shares of the Company under the *RSU Award Agreement* will remain in force provided he is still discharging the duties of his position when the RSUs vest, subject to occurrence of events that would cause the RSUs to vest early (death or permanent disability).

The remunerations received by the members of the Board of Directors for participating in the various committees delegated by the Board of Directors in 2014 have been as follows:

Committee of Designation and Remuneration	Internal Audit Committee	Corporate Governance Committee
32	19	32

These remunerations for members of the various board committees are part of the total compensation to the Board of Directors referred to in the first paragraph.

As at 31 December 2013 a member of the Board of Directors had a mortgage amounting EUR 1,100 thousand plus interest, that has been amortized prior to its maturity during the year 2014, not existing as at December 31, 2014 any other advances or loans granted to members of the Board of Directors of the Parent Company.

The Group does not have any significant pension or life insurance obligations to the Parent's Directors.

At 31 December 2014, the Parent's Board of Directors was made up of 9 men (8 men and 4 legal entities represented by men at 31 December 2013).

<u>Remuneration of and obligations to senior executives</u>

It has been defined as Management, those executives who were members of the Executive Committee in 2014, thus being directly dependent on the Company's executive director, and also, the internal auditor, in accordance to the definition bome in the current accounting rules and specially in the "Report of the Special Working Group on Good Governance of Listed Companies" published by the Spanish regulator CNMV on 16 May of 2006.

The remuneration received by the Management during the year 2014, including severance payments, amounts EUR 4,861 thousand (2013: EUR 4,411 thousand), and is as following:

Exercise 2014

	Thousands of euros				
	Fixed Remuneration	Variable Remuneration	Other Concepts	Severance	Pension Plan
Team Management	2,407	1,207	922	285	40

Exercise 2013

	Thousands of euros				
	Fixed Remuneration	Fixed Remuneration	Fixed Remuneration	Fixed Remuneration	Fixed Remuneration
Team Management	2,771	1,423	165	-	52

The remuneration shown in the preceding tables does not include the following 2 incentive plans:

- In May 2014 the Group has agreed and signed with the Executive Director and 9 other dependant senior executives a new incentive plan ("Incentive Agreement"), of which part of it was paid in cash in the moment of the initial public offering amounting EUR 18.7 million (includes the amount received by the Executive Director), and the remaining part has been deferred to be received through 2,569 thousand of "Restricted Stock Units" that can be exchanged, for no consideration, for ordinary shares of the Company, according to a linear calendar, subject to the tenure of the executive for 3 years (in exception to bad-leaver and good-leaver clauses envisaged in the contract), to be proportionally paid in May of each of the next 3 years, according to the May and July 2014 agreements with such executives. In accordance to IFRS 2, the fair value of the shares to be bestowed after the 3 year period, at the initial public offering price would amount to EUR 37 million (taking into account that all executives remain in the Group for the next 3 years), which the Group provisions each year on a linear basis in the Income Statement of the consolidated financial statements. According to IFRS 2, the difference between the fair value and the acquisition cost of such shares, shall be registered in shareholder's equity. The expense incurred for this concept of deferred compensation during 2014, without considering the amount already paid in cash, amounts EUR 8.3 million, figure provisioned under "remuneration payable" (see Note 19).

  The total expense in 2014 for this incentive amounts EUR 16.3 million that corresponds to EUR 18.7 million paid in cash, the accrual of EUR 8.3 million derived from the RSU's, less the EUR 10.7 million that were provisioned during the prior year for the same concept. These amounts correspond to the Executive Director and the 9 other executives.

- Other senior executives of the Group earn variable remuneration subject to the achievement by the Group of certain financial aggregates in 2014, 2015 and 2016, to be paid in 2017 amounting to EUR 2.1 million. The expense incurred and provisioned for the aforementioned variable remuneration at 31 December 2014 amounts EUR 702 thousand (see Note 19).

Life insurance policies have been taken out for certain senior executives, although the amount thereof is not material. Such costs are classified under "Other concepts" in the preceding tables.

At 31 December 2014 one senior executive had a loan that amounted to EUR 3,079 thousand.

At 31 December 2014 and 2013, the Group's senior management was composed of 9 men and 1 woman (12 men at 31 December 2013).

The internal auditor has also been included in terms of retribution.

The Executive Director is classified as remuneration of the Board of Directors in 2014 but is classified as remuneration to senior executives in 2013.

Information relating to conflicts of interest on the part of the directors

It is hereby stated that the directors, their individual representatives and the persons related thereto do not hold any investments in the share capital of companies engaging in identical, similar or complementary activities to those of the Group or hold positions or discharge duties thereat, other than those held or discharged at the Applus Group companies, that could give rise to a conflict of interest as established in Article 229 of the Spanish Limited Liability Companies Law.

30. Information on the environment

In view of the Group's business activities, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

The Parent's Directors consider that the environmental risks that might arise from its activities are minimal and, in any case, are adequately covered, and they do not expect any additional liabilities to arise from the aforementioned risks. The Group did not incur any expenses or receive any grants related to environmental matters in 2014 and 2013.

31. The Group as a going concern

The Group's earnings represented a significant improvement with respect to preceding years. In 2014 the consolidated net profit before tax amounted to EUR 31.2 million, as compared with a loss of EUR 165.5 million for the preceding year.

The losses incurred in prior years were due mainly due to significant leverage, which was reduced significantly in 2014 (see Note 14) and the recognition of impairment losses on intangible assets in preceding years (see comments in section 2 of this Note).

Also, the following factors should be taken into account when assessing the applicability of the going concern principle of accounting:

1. Business plan

The Group's business plan for 2015-2019, envisages the same trend towards growth in operating profits for 2015 and subsequent years. A mandate was issued by the Board of Directors to the Parent's management to execute all of the initiatives envisaged in the business plan and it is considered highly probable that it will be met in light of the experience of prior years and the events of the first two months of 2015.

This trend towards growth in earnings derives from both the expected growth in revenue and from the optimisation of costs and investments made for the future.

Matters with an impact on revenue growth-

- Development and investments in infrastructure in new markets.
- Proliferation of increasingly regulated environments.
- Development of vehicle inspection programmes in emerging countries.
- Increase in investment in technology applied to cars.
- Focus on the most profitable businesses and services with higher value added for customers.

- Continue with the policy of identifying and analysing the less profitable businesses in order to focus on the most profitable ones.
- Continue with the excellence in terms of the operational management that is being developed in all the divisions.

Matters with an impact on costs-

- Optimisation of the integration of the various businesses acquired and more transversal management of resources.
- Standardisation and optimisation of the processes of the new management systems implemented.

2. Ability to pay debts

The Group had positive working capital at 31 December 2014 of EUR 243,223 thousand (31 December 2013: EUR 240,404 thousand). Also, the Group's cash flow in 2014 is positive and it expects to see an important improvement in the cash flow in 2015 and subsequent years.

It must also be borne in mind that the losses incurred in prior years stemmed mainly from the amortisation and impairment of certain intangible assets and goodwill arising from the business combinations detailed in Note 5 and the finance costs associated with the debt. In this respect, it should be noted that:

- The amortisation charge and impairment expense do not entail a cash outflow and, therefore, have no impact on the Group's cash flow or, consequently, on the Group's ability to meet its financial obligations. Also note that during 2014, it was not necessary to impair any intangible assets or goodwill, as mentioned in Note 5.
- In 2013 the participating loan that carried significant finance costs during previous years was fully capitalized, and in 2014, at the same time the Group was in the IPO process, its financial debt was restructured, thus reducing the financial expense from EUR 87.9 million in 2013 to EUR 38.9 million in 2014 (see Note 22), amounts that are expected to be low in 2015 and onwards.

3. Access to sources of financing

Due to its geographical diversity, the Group has access to multiple sources of financing.

Also, the additional available funding, which the Group could tap if necessary, is detailed in Note 14.

Lastly, it must be borne in mind that the individual equity of the Parent at 31 December 2014 amounted to EUR 991,089 thousand, which exceeds its share capital of EUR 13,002 thousand.

In view of all of the above, the Parent's Directors prepared these consolidated financial statements in accordance with the going-concern principle of accounting, taking into consideration the financial resources available to the Group and the operating, commercial and, particularly, financial actions that might be undertaken in the future.

32. Events after the reporting period

Effective 12 February 2015, the Applus Group acquired the US IAG Group (Integrity Aerospace Group Inc.) and other non-controlling interests, all the share capital of the US companies X-Ray Industries Inc., Thermalogix LLC., XRI N-Ray Services LLC, Composites Inspections Solutions LLC and NRay USA Inc., the Canadian company NRAY Services Inc. and a majority interest that includes a call option on 100% of the US company Arcadia Aerospace Industries LLC for USD 52.726 million (EUR 42.303 thousand) and an Earn Out that will be met depending on future years' results.

X-Ray Industries Inc., Thermalogix LLC., XRI N-Ray Services LLC, NRay USA Inc. and NRAY Services Inc. form part of the RTD division in order to reinforce the Applus+ Group's position in the US market for testing in the aeronautics and other industrial sectors, while Arcadia Aerospace Industries LLC and Composites Inspections Solutions LLC form part of the Applus + Laboratories division and represent that division's first incursion into the US market, as a supplier of testing services in aeronautical components and materials.

33. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 24 February 2015.

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
Director

D. Pedro de Esteban Ferrer
Director

D. Alex Wagenberg Bondarovschi
Director

D. Mario Pardo Rojo
Director

D. John Daniel Hofmeister
Director

D. Josep María Panicello Primé
Director

D. Richard Campbell Nelson
Director

D. Fernando Basabe Armijo
Director

Diligence extended by the Secretary of the Board of Directors to certify that the Directors D. Pedro de Esteban Ferrer and D. Josep Maria Panicello not sign this document due to excused absence for professional reasons and without prejudice to the need into account its favourable vote, having being represented and voting by the Directors D. Alex Wagenberg Bondarovschi and D. Mario Pardo Rojo, respectively.

Overview of performance

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported" or "actual") results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of separately disclosed items.

Organic revenue and profit growth are calculated in this report by excluding acquisitions or disposals made in the prior twelve month period to the accounting date. Organic is stated at constant exchange rates, taking the current year average rates used for the income statements and applying them to the results in the prior period.

In the table below the adjusted results are presented alongside the statutory results showing the effect of those adjustments.

EUR Million	FY 2014			FY 2013			+/- % Adj Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,618.7	0.0	1,618.7	1,580.5	0.0	1,580.5	2.4%
Ebitda	205.2	(19.9)	185.3	200.1	(10.7)	189.5	2.5%
Operating Profit	158.8	(82.7)	76.1	150.7	(193.5)	(42.8)	5.3%
Net financial expenses	(32.6)	(4.0)	(36.6)	(86.4)	0.0	(86.4)	
Share of profit of associates	2.3	0.0	2.3	2.5	0.0	2.5	
Profit Before Taxes	128.4	(86.7)	41.8	66.8	(193.5)	(126.7)	92.2%
Income tax	(33.4)	22.8	(10.6)	(18.9)	(20.0)	(38.8)	
Non controlling interests	(7.3)	0.0	(7.3)	(4.6)	0.0	(4.6)	
Net Profit	87.7	(63.9)	23.8	43.4	(213.5)	(170.1)	102.1%

The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €82.7 million (2013: €193.5m) in the operating profit represent amortisation of acquisition intangibles of €45.3 million (2013: €48.2m), IPO related costs of €28.2 million (2013: €16.7m), impairments of €0.0 million (2013: €119.2m), restructuring costs of €8.9 million (2013: €4.8m) and other items of €0.2 million (2013: €4.6m).

Other results of €4.0 million (2013: €0.0m) in the net financial expenses are the write-off of the brought forward un-amortised portion of arrangement fees for the pre-IPO debt.

Other results of €22.8 million (2013: €20.0m) in the income tax is the net tax effect on the Other results.

In the table below key financial figures for the year are shown.

	2014	Change vs 2013
Revenue	**1,618.7**	**2.4%**
Organic Growth @ constant currency		4.4%
Adjusted Operating Profit	**158.8**	**5.3%**
Organic Growth @ constant currency		8.0%
Adjusted Operating Margin	9.8%	+ 30 bps
Adjusted Net Profit	**87.7**	**102.1%**
Adjusted Operating Cash Flow	**132.3**	**29.1%**
Adjusted EPS	**0.67**	**n/a**

Revenue increased by 2.4% to €1,618.7 million for the year ended 31 December 2014. Revenue growth comprised organic revenue growth at constant exchange rates of 4.4%, revenue from acquisitions less disposals of 0.2% and the adverse effect of currency of 2.2%.

Adjusted operating profit increased by 5.3% to €158.8 million in the year. Organic adjusted operating profit growth for the year was 8.0%.

The adjusted operating profit margin increased by 30 bps to 9.8% on both an organic and reported basis.

The reported operating profit was €76.1 million, compared to a loss of €42.8 million in the prior period. One of the main reasons for this improved result is the one-off expenses in the prior period relating to the impairment of certain of the Group´s assets.

The net financial expense reduced significantly in the period from €86.4 million to €36.6 million following the reduction of debt from the net proceeds of the primary offering of the initial public offering (IPO). The debt facilities were refinanced at the same time as the IPO at lower rates than the prior debt facility.

The effective tax rate charged on the adjusted operating profit was 21.0% and on the adjusted profit before tax was 26.0%. The actual tax rate on the reported profit before tax was 25.4%. The rates for the prior period are not meaningful as the capital structure was materially different.

The growth in the adjusted earnings per share (Adjusted EPS) is a key performance indicator management will adopt when monitoring financial performance going forward. For the period under review the capital structure changed materially at the time of the IPO due to the issue of new shares and the repayment and subsequent refinancing of the debt. The Adjusted EPS using the Adjusted Net Profit of the Group of €87.7 million divided by the number of shares in issue at the year end of 130,016,755 is €0.67.

In North America, Applus+ purchased three companies with revenue of €22 million from IAG and other third party shareholders: X-Ray Industries, N-Ray Services and Arcadia Aerospace which are the premier suppliers of Non Destructive Testing to the aerospace market and gas turbine industry. The companies, with 74 years of history, have over 200 employees and operate primarily from 7 locations across the USA and Canada and a further 10 co-locations embedded within customer facilities. X-Ray Industries and N-Ray Services will form part of the Applus+ RTD division and will reinforce the division´s strong presence in the North American market. Arcadia Aerospace will be part of Applus+ Laboratories and will be this division´s first entry into the US market. The acquisition closed at the start of 2015 following the receipt of the necessary approvals from the US authorities.

In Latin America, Applus+ purchased Ingelog, a supplier of engineering and project management services to the civil and private infrastructure industries in the region. This acquisition of the leading provider of these services in Chile will support the strong growth and development of Applus+ Norcontrol in Latin America and is expected to add initial annual revenue of €18 million. The acquisition closed at the end of October 2014.

In October 2014 the Group disposed of Applus+ RTD in Belgium which accounted for €6.5 million revenue in the full year of 2013 as it lacked the critical mass to generate good profitable growth within Applus+.

Capital expenditure was €47.8 million in the year, a reduction from €52.3 million from last year. The ratio of capital expenditure to revenue was 3.0%.

The adjusted operating cash flow, expressed after capital expenditure and taxes, increased by 29% to €132.3 million as a consequence of the increase in profit and tight management of working capital. The adjusted free cash flow expressed as adjusted operating cash flow less financial expenses, increased by 83% to €107.4 million.

As a recently listed company, the Board will propose at the Group´s first annual general meeting of shareholders (AGM) this year, the payment of a dividend of €0.13 per share. This is equivalent to €16.9 million and is 19.3% of the Adjusted Net Income of €87.7 million as shown in the summary financial results table above. This is in line with the guidance given at the time of the IPO. The dividend, if approved by the shareholders at the AGM will be paid within a short period after this meeting.

The financial leverage of the group measured as Net Debt to last twelve months adjusted EBITDA (operating profit before depreciation, amortisation, impairment and others) has reduced significantly following the use of the IPO proceeds to pay down debt. The ratio was 3.1x (2013: 4.7x) at the end of the period.

The new five year debt facilities entered into by the Group at the time of the IPO are sufficient to ensure good liquidity for the medium and longer term. Further information on these is provided in Note 14 to the financial statements.

Outlook

The Group currently expects to deliver revenue this year approximately in-line with last year, on an organic constant currency basis. With the benefit of current exchange rates and acquisitions already made, this converts to mid-single digits total reported revenue growth.

The overall adjusted operating profit margin is expected to be flat to down on the prior year level.

The longer term drivers in the various industries served by Applus+ are favourable. The current uncertainty on the oil and gas industry will inevitably have some impact on Group revenue in the short term, but the continuing and longer term demand for verification of energy assets must increase due to the global requirement for more energy infrastructure as well as the ageing of the existing asset base. The parts of the Group unrelated to oil and gas also hold favourable long term growth drivers, from increased demand for safety and quality services and the increased expansion of the Applus+ network into new territories.

Operating review by division

Applus+ RTD

Applus+ RTD is a leading global provider of Non Destructive Testing services to clients in the oil and gas industry, power utilities, aerospace and civil infrastructure industries. Services and tools provided by the division are to inspect and test the mechanical, structural and materials integrity of critical assets either at the time of construction or when in use, such as pipelines, pressure vessels and storage tanks without causing damage to those assets. The division has a workforce of 4,000 employees and is active in [25] countries across five continents.

Eur Million	FY 2014	FY 2013 Proforma (*)	FY 2013
Revenue	**547.8**	**546.3**	**558.6**
% Change		*0.3%*	*(1.9)%*
Adj. Op. Profit	**48.2**	**47.4**	**49.4**
% Change		*1.7%*	*(2.5)%*
Margin	**8.8%**	**8.7%**	**8.9%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.

* FY 2013 Proforma is restated at constant exchange rates and excluding the divested Belgium operation

Applus+ RTD reported both revenue and organic revenue growth of 0.3% at constant exchange rates. Total reported revenue declined by 1.9% due to a negative currency impact and the effect of the disposal of the non-strategic business in Belgium part way through the year.

The adjusted operating profit margin of 8.8% increased by 10bps on an organic basis, and declined by 10bps as reported due to currency.

The majority of the business lines and regions, especially in Europe, Canada, Middle East and Australia performed well as did the parts of North America unrelated to New Construction Pipelines. Following the completion of several large New Construction Pipeline projects in North America in the first quarter, and the expected new ones being absent in the second half of the year, the organic revenue growth of the division declined in the second half against the high-teens growth of the prior year's second half resulting in flat organic revenue for the full year of 2014.

In the last quarter of the year, the Group agreed the purchase, in the United States and Canada, of X-Ray Industries and N-Ray Services that fall under the umbrella of the Integrity Aerospace Group (IAG). These businesses that generated approximately € 20 million of revenue in 2014 provide non-destructive testing services to the US aerospace and industrial gas turbine industries providing Applus+ RTD with an entry into this important ancillary market. Also part of this acquisition is a third company called Arcadia Aerospace with almost €2 million of revenue that will form part of Applus+ Laboratories division. This acquisition was closed at the start of the year following the receipt of permits required from US authorities.

In view of the importance of USA to this division, the Group recently hired a new regional manager to strengthen the local leadership.

The outlook for the division in 2015 is uncertain following the fall of the oil price impacting spending by the oil and gas industry. At the oil price levels seen in the last few months, the Group expects organic revenue in this division to fall by approximately mid-single digits. This will be offset by the net inorganic revenue contribution and potentially positive currency benefit, assuming exchange rates remain at their current levels. Appropriate action is being taken with costs being reduced, but despite this the margin is expected to deteriorate slightly.

The structural drivers for non-destructive testing of energy assets remain positive through the periodic cycles that the energy industry experiences. The continuing and longer term requirements for verification of energy assets must increase due to the longer term global requirement for more energy infrastructure as well as the ageing of the existing asset base. This is supplemented by the almost 20% of the division now unrelated to Oil & Gas that has strong growth prospects.

Applus+ Velosi

Applus+ Velosi is the leading global provider of vendor surveillance (third party inspection and auditing services to monitor compliance with client specifications in procurement transactions), site inspection, certification and asset integrity as well as specialised manpower services primarily to companies in the oil and gas industry.

Applus+ Velosi is active in [45] countries around the world with a workforce of over 5,500 employees. Further specialised personnel are contracted by the division to work on specific projects for a specific time period.

Eur Million	FY 2014	FY 2013 Proforma (*)	FY 2013
Revenue	**392.7**	**361.7**	**372.6**
% Change		*8.6%*	*5.4%*
Adj. Op. Profit	**34.1**	**30.9**	**31.9**
% Change		*10.0%*	*6.8%*
Margin	**8.7%**	**8.6%**	**8.6%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.

* FY 2013 Proforma is restated at constant exchange rates.

Applus+ Velosi reported for the full year at constant exchange rates, revenue growth of 8.6% and organic revenue growth of 5.6%. Total reported revenue growth was 5.4% which included additional revenue from an acquisition made at the end of 2013 less a negative currency impact.

The adjusted operating profit margin of 8.7% was 10bps higher than the prior year on both an organic and reported basis.

Significant revenue growth came from an extension of an existing contract in Africa, increased activity in the Middle East and new contracts in the US. Other regions also performed well. In Asia Pacific where some material offshore capex related technical inspection contracts came to an end, revenue was down on the prior year.

Applus+ Velosi has a strong offering and many long term contracts. Nevertheless, with the fall of the oil price, this division is not immune to customer pressure on pricing, risk of reduced scope of work on renewals and lack of new oil and gas projects coming to market. If the oil price levels seen in the last few months remain to the end of the year, it is expected the 2015 organic revenue in this division to hold approximately steady with last year. Costs are being reduced in this division which will mitigate the margin pressure Applus+ Velosi will suffer in the year.

The succession of Dr Nabil Abd Jalil by Ramon Fernandez Armas as Chief Executive of this division has progressed smoothly and the Applus+ Velosi and Applus+ Norcontrol divisions have now been integrated.

Applus+ Norcontrol

Applus+ Norcontrol primarily provides quality assurance, quality control, testing and inspection (including statutory inspection) and project management services to the utilities, telecommunications, oil and gas, minerals and civil infrastructure sectors. Applus+ Norcontrol also provides health, safety and environmental (HSE) consultancy, testing and inspection. The division is active in more than [fifteen] countries with over 4,800 employees with global management control split by Latin America and Spain and Rest of World.

Eur Million	FY 2014	FY 2013 Proforma (*)	FY 2013
Revenue	**205.7**	**182.3**	**186.2**
% Change		*12.8%*	*10.5%*
Adj. Op. Profit	**17.9**	**15.0**	**15.2**
% Change		*19.2%*	*17.5%*
Margin	**8.7%**	**8.2%**	**8.2%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.

* FY 2013 Proforma is restated at constant exchange rates.

Applus+ Norcontrol reported for the full year revenue growth of 12.8% and organic revenue growth of 11.1% each at constant exchange rates. Total reported revenue growth of 10.5% included two months additional revenue from the acquisition of Ingelog less a negative currency impact.

The adjusted operating profit margin of 8.7% was 50bps higher than the prior year.

This strong level of growth came primarily from winning new contracts in Latin America and the Middle East. The Spanish market grew low single digits for the year which is a significant turnaround following several years of decline.

Applus+ Norcontrol in Latin America is the largest region outside of Spain and is benefiting from the considerable civil and energy infrastructure investment in the region.

At the end of 2014, the Group announced the acquisition of Ingelog in Chile, a supplier of project management services to the civil and private infrastructure industries in the region and which reported revenue of €18 million in 2014.

The drivers for Applus+ Norcontrol are favourable with the Spanish market expected to continue to grow moderately and expansion into overseas markets expected to provide stronger growth with the Middle East, North Africa and Mexico being at the forefront. This should result in organic revenue at constant exchange rates growing at least mid-single digits in 2015 with further margin improvement.

Applus+ Laboratories

Applus+ Laboratories provides a range of laboratory-based product testing, management system certification and product development services to clients in a wide range of industries including the aerospace, oil & gas and electronic payment sectors. Applus+ Laboratories operates from [twelve] laboratories, employs approximately 600 people in [ten] countries.

Eur Million	FY 2014	FY 2013 Proforma (*)	FY 2013
Revenue	**46.9**	**45.5**	**56.6**
% Change		*3.2%*	*(17.1)%*
Adj. Op. Profit	**2.0**	**2.0**	**1.9**
% Change		*0.0%*	*4.2%*
Margin	**4.2%**	**4.4%**	**3.4%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.

* FY 2013 Proforma is restated at constant exchange rates and excluding the divested Agrofood business

Applus+ Laboratories reported full year organic revenue growth of 3.2% at constant exchange rates, but total reported revenue declined by 17.1% due to the disposal at the start of the year of the Agrofood business.

The adjusted operating profit margin of 4.2% was 20bps lower on an organic basis and 80bps higher than the prior year on a reported basis. The margin was supported by the disposal of the low margin Agrofood business, but on an organic basis was reduced by poor performance in Systems Certification as well as the start-up costs for a new laboratory in Saudi Arabia.

Sectors that grew well were Building Products and Aerospace from the Spanish based laboratories and the Oil & Gas business in Norway, but this was offset by poor performance in the Systems Certification business that serves the Spanish market. A newly built laboratory in Saudi Arabia for the testing of materials and consumer products manufactured and entering the country received full accreditation towards the end of the year and this is expected to be profitable in 2015.

In the last quarter of the year, the Group agreed the purchase of Arcadia Aerospace that is part of the Integrity Aerospace Group acquired with Applus+ RTD which provides testing services of composite materials of aerospace components. This is a key focus area of the Applus+ Laboratories division and provides a strategic new entry position into the North American market. This business generated approximately € 2 million of revenue in 2014. This acquisition was closed at the start of the year following receipt of permits required from the US authorities.

The outlook for 2015 is for revenue growth to accelerate to mid-single digits on an organic basis and at least high single digits including the revenue from the acquisition and potentially favourable currency benefit if exchange rates remain at current levels. The adjusted operating profit margin is expected to increase significantly.

Applus+ Automotive

Applus+ Automotive is the second largest provider, measured by number of inspections, of statutory vehicle inspection services globally. The Group provides vehicle inspection and certification services across a number of jurisdictions in which periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. The Group carried out more than [10] million vehicle inspections in 2014 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra and this division employs approximately 3,300 people.

Eur Million	FY 2014	FY 2013 Proforma (*)	FY 2013
Revenue	**279.7**	**266.2**	**273.6**
% Change		*5.1%*	*2.2%*
Adj. Op. Profit	**60.0**	**57.0**	**59.1**
% Change		*5.4%*	*1.6%*
Margin	**21.5%**	**21.4%**	**21.6%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.

* FY 2013 Proforma is restated at constant exchange rates

Applus+ Automotive reported for the full year organic revenue growth of 3.7% at constant exchange rates and total reported revenue growth of 5.1% which included additional revenue from the acquisition of new stations from a company in Denmark made at the end of 2013, less a negative currency impact.

The adjusted operating profit margin of 21.5% was stable with the prior year.

The division performed well considering the impact of several contractual changes during the year. Strong revenue growth came from the existing contracts in Latin America and Ireland, with the latter benefiting from additional ancillary contracts awarded during the year as well as a step up in enforcement from the authorities in the final quarter. In Chile, Applus+ is confirmed on four new contracts although the overall revenue and profit will initially be lower than the previous contracts. Revenue from Spain was slightly lower than the prior year due to a price reduction on the Alicante contract, increased competition allowed into the Canary Islands and two fewer stations in the Basque country offset by new stations built in Madrid. North America had lower revenue due to the end of the equipment sales contract in Ontario, although this was compensated for by good underlying growth and very good sales of proprietary inspection equipment in California.

The outlook for 2015 is positive. There are no material contracts expected to terminate or resize during the year, including the emissions contract in Illinois. Overall, the division is expected to generate organic revenue growth at constant exchange rates in the low single digits range and again maintain margins approximately level with last year.

Applus+ IDIADA

Applus+ IDIADA provides services to the world´s leading vehicle manufacturers. These include safety and performance testing, engineering services and homologation (regulatory approval). The Group also operates what it believes is the world's most advanced independent proving ground near Barcelona and has a broad client presence across the world´s car manufacturers. Applus+ IDIADA employs approximately 1,800 people and is represented in [22] countries.

Eur Million	FY 2014	FY 2013 Proforma (*)	FY 2013
Revenue	**145.5**	**131.6**	**132.5**
% Change		*10.6%*	*9.8%*
Adj. Op. Profit	**19.0**	**17.6**	**17.6**
% Change		*7.9%*	*8.2%*
Margin	**13.1%**	**13.4%**	**13.2%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.

* FY 2013 Proforma is restated at constant exchange rates

Applus+ IDIADA reported full year organic revenue growth of 10.6% at constant exchange rates and total reported revenue growth of 9.8% due to a negative currency impact.

The adjusted operating profit margin of 13.1% was slightly under the prior year mainly due to increased depreciation following increased investment.

The division performed very well across all business lines and geographies except for the small operations in India and Brazil which are now in the process of being restructured. Revenue growth outside of the core Spanish market increased at a faster pace increasing the diversification and penetration into other European and Asian markets.

During the year Applus+ IDIADA commenced the design and building of a new extensive proving ground in China which is expected to be complete by the end of this year. Applus+ IDIADA will manage the ground which will enable it to reach a far wider Asian automotive customer base.

The outlook for this division is good, with organic revenue expected to grow at high single digits and the margin to remain at similar levels.

Main risks facing the Group

The main business risks facing the Group are those typical of the businesses in which it operates and of the current macroeconomic environment. The Group actively manages the main risks and considers that the controls designed and implemented to that effect are effective in mitigating the impact of these risks when they materialise.

The main purpose of the Group's financial risk management activity is to assure the availability of funds for the timely fulfilment of financial obligations and to protect the value in euros of the Group's economic flows and assets and liabilities.

This management is based on the identification of risks, the determination of tolerance to each risk, the hedging of financial risks, and the control of the hedging relationships established.

The Group's policy hedges all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable. The main financial risks to which the Group is exposed and the practices established are are detailed in the corresponding notes to the consolidated financial statements.

Quality and Environment

Quality, the environment and health and safety are elements that form an integral part of the Applus Group's activities and culture.

In the performance of our services, we make an effort to improve our management systems in a safe and sustainable way with the aim of achieving customer satisfaction, as well as, the satisfaction of our employees and suppliers.

The operational implementation of this commitment is integrated into all levels of divisional, regional and country management with the active support of our entire team.

We achieved these changes by establishing good practices which promote and encourage numerous initiatives implemented at local level. In this connection, responsible behavior and practice is fostered throughout the business.

The principles governing these activities are included in our health and safety, quality and environment policy, all of which are in line with the guidelines of the ISO 9001, ISO 14001 and ISO 18001 standards.

Research and development expenditure

The Applus Group maintains a constant interest in research and development activities, which are mainly carried on through the Applus+ IDIADA, Applus+ Laboratories and Applus+ RTD divisions.

The Applus+ IDIADA division, which offers design, testing, engineering and certification services in the automotive industry, continues to be at the forefront of the development of the most innovative techniques in order to offer our customers the services they require to meet their high technology needs.

Continuing with the strategic line of consolidating itself as a reference in the innovation of high technology services for customers, Applus+ IDIADA has developed important projects structured into four lines of activity:

- Green vehicles
- Integrated Safety
- Advanced Communications
- Virtual Proving Ground

Applus+ IDIADA is carrying out several projects related to each line that will develop into new or improved services.

Applus+ Laboratories has carried out several projects focus mainly on two lines:

- Manufacturing composite material for aeronautical, automotive and building industries;
- Transaction and communication security (hardware and software) within the information technology sector

Applus+ RTD division is a leading global energy service provider, delivering technical assurance through non-destructive testing, inspection, and certification to the energy, public service and infrastructure industries.

Applus+ RTD is a worldwide leader in the creation of advanced non-destructive testing working in the vanguard of R&D for the industry. With its technological epicentre in Rotterdam, it has developed an important range of ultrasound probes, designed and produced in accordance with current legal standards and guidelines, using the latest design, modelling, engineering and production tools.

The objectives driving the teams of specialists in research and development are to optimise existing techniques and to create new, highly efficient and reliable technologies and methodologies which meet the many and varied challenges set by the industry. The R&D team is continuously involved in intensive projects to develop new solutions to emerging issues, while improving existing technologies to set new standards. We work in partnership with our clients and other specialists on industrial projects, while collaborating with academic institutions such as universities and other research institutions.

Treasury share transactions

In 2014 the Parent recognised under "Equity" treasury shares amounting EUR 5,407 thousand arising from an equity swap agreement with a financial institution to hedge the acquisition cost of 550,000 treasury shares to be physically-settled, and that the Parent must partially deliver to certain executives. This agreement matures on 30 April 2015, date in which the Company will receive the shares from the financial institution. Consequently, on 9 May 2015 the Parent must deliver some of the aforementioned shares to the various executives.

Events after the reporting period

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Use of financial instruments

The Group uses financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets. The Group does not use derivative financial instruments for speculative purposes.

During 2014 the Group has not acquired any financial derivative instruments, in exception to the equity swap agreement explained in the "Treasury share transactions" of this report.

Also, during 2014 all of the interest rate derivatives acquired in prior years have matured, and management has decided not to acquire new derivatives.

Disclosures on the payment periods to suppliers

The Group companies with tax domicile in Spain have adjusted their payment periods to adapt them to Additional Provision Three "Disclosure obligation" of Law 15/2010, of 5 July. As required by the aforementioned Law, the disclosures relating to the payments made and outstanding at year-end are as follows:

	Amounts paid and payable at year-end (in thousands of euros)			
	2014		2013	
	Amount	%	Amount	%
Paid in the maximum payment period	69,520	48%	58,623	46%
Remainder	74,055	52%	67,636	54%
Total payments made in the year	**143,575**	**100%**	**126,259**	**100%**
Weighted average period of late payment (days)	104		108	
Weighted average period of late payment (days)	44		48	
Payments at the end of the period not made in the maximum payment period	4,311		5,171	

The data shown in the foregoing table relate exclusively to the Spanish companies, which are those with a payment period that is significantly greater than the Group average of 48 days. The data shown in the foregoing table on payments to suppliers relate to the suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to "Trade Payables" under "Current Liabilities" in the consolidated balance sheet. However, the vast majority of the aforementioned payables was paid within 2015.

Weighted average period of late payment was calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers outside the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period. The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 60 days. The maximum legal payment period for 2013 was 60 days.

The Group's Spanish companies are gradually adapting its method of payment to the latest updates of the norm. Likewise, during 2014 the Group's Spanish companies have received from its suppliers invoices with significant amounts and maturity dates close to expiration, thus the Group's Spanish companies have had to adjust its payment date in accordance to its treasury budgets at that time, resulting in a period longer than 60 days from the date the invoice was issued.

Barcelona, 24 February 2015

D. Christopher Cole
Chairman

D. Ernesto Gerardo Mata López
Director

D. Pedro de Esteban Ferrer
Director

D. Alex Wagenberg Bondarovschi
Director

D. Mario Pardo Rojo
Director

D. John Daniel Hofmeister
Director

D. Josep María Panicello Primé
Director

D. Richard Campbell Nelson
Director

D. Fernando Basabe Armijo
Director

Diligence extended by the Secretary of the Board of Directors to certify that the Directors D. Pedro de Esteban Ferrer and D. Josep Maria Panicello not sign this document due to excused absence for professional reasons and without prejudice to the need into account its favourable vote, having being represented and voting by the Directors D. Alex Wagenberg Bondarovschi and D. Mario Pardo Rojo, respectively.

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUER IDENTIFICATION

END OF THE FINANCIAL YEAR OF REFERENCE	31/12/2014

Tax Identification Code	A-64622970

REGISTERED NAME
APPLUS SERVICES, S.A.

REGISTERED ADDRESS
CAMPUS UAB, RONDA DE LA FONT DEL CARME, S/N, 08193, BELLATERRA, BARCELONA

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A. OWNERSHIP STRUCTURE

A.1. Complete the following table about the share capital of the company:

Date of last change	Share capital (€)	Number of shares	Number of Voting rights
8/05/2014	13,001,675.50	130,016,755	130,016,755

State whether there are different classes of shares with different rights attaching thereto:

Yes ☐ No ☒

A.2. Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the financial year, excluding directors:

Individual or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
AMERIPRISE FINANCIAL, INC	0	5.000.000	3,85%
GIC PRIVATE LIMITED	8.000.000	0	6,15%
CEP III PARTICIPATIONS, S.à r.l. SICAR	0	46.161.582	35,50%

Individual or company name of the indirect shareholder	Individual or company name of the direct shareholder	Number of voting rights
AMERIPRISE FINANCIAL, INC	THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED	5.000.000
CEP III PARTICIPATIONS, S.à r.l SICAR	AZUL HOLDING, S.C.A.	46.161.582

State the most significant changes in the shareholding structure that have occurred during the financial year:

Individual or company name of the shareholder	Date of transaction	Description of transaction
CEP III Participations S.à r.l SICAR	9/05/2014	It has decreased below 40% in the capital stock
Morgan Stanley	26/05/2014	It has decreased below 10% in the capital stock
Carmignac Gestión, S.A.	23/06/2014	It has decreased below 3% in the capital stock

UBS AG	10/07/2014	It has decreased below 3% in the capital stock
Deutsche Bank AG	06/10/2014	It has decreased below 3% in the capital stock
Credit Suisse Group AG	10/12/2014	It has decreased below 3% in the capital stock

A.3. Complete the following tables about members of the board of directors of the company who have voting rights attaching to shares of the company:

Individual or company name of the director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR. FERNANDO BASABE ARMIJO	344.828	0	0,27
MR. CHRISTOPHER COLE	6.897	0	0,01

Total percentage of voting rights held by the board of directors:	0.27%

Complete the following tables about members of the company's board of directors who hold rights over the company's shares:

A.4 State, if applicable, the family, commercial, contractual, or corporate relationships between significant shareholders, to the extent known to the company, unless they are immaterial or result from the ordinary course of business:

A.5 State, if applicable, the commercial, contractual, or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

A.6 State whether any shareholders' agreements affecting the company pursuant to the provisions of sections 530 and 531 of the Companies Act (*Ley de Sociedades de Capital)* have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

Yes ☐ No ☒

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes ☐ No ☒

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

N/A

A.7 State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to article 4 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify it:

Yes [X] No [ ]

Individual or company name
CEP II Participations S.à r.l. SICAR and CEP III Participations S.à r.l. SICAR
Comments
Given that CEP II Participations S.à r.l. SICAR and CEP III Participations S.à r.l. SICAR still directly or indirectly hold a material number of shares of the company, although they represent less than half the capital stock, they continue to exercise a certain influence over the decisions approved by the company's General Shareholders Meeting and Board of Directors.

A.8 Complete the following tables about the company's treasury shares:

As of year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
0	0	0%

(*)Through:

Describe any significant changes, pursuant to the provisions of Royal Decree 1362/2007, which have occurred during the financial year:

A.9 Describe the terms and conditions and the duration of the mandate currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer the shares of the company:

The General Shareholders Meeting of 25 March 2014 unanimously agreed to "*authorise the Company's Board of Directors so it may proceed with a derivative acquisition of its own shares, both directly by the Company itself and indirectly by its controlled companies, in the terms established below:*

a) The acquisition may be made as a sale and purchase, swap or dation in payment, once or several times, provided that the shares acquired, when added to those already held by the Company, do not exceed 10% of the capital stock;

b) The price or countervalue will range between the face value of the shares and 110% of their listed price; and

c) The authorisation will remain valid until the approval of the annual accounts for the financial year ending 31 December 2014.

Furthermore and for the purposes of article 146.1, paragraph two, of the Companies Act, the General Shareholders Meeting hereby unanimously agrees to grant an express authorisation to acquire Company shares in favour of any of the controlled companies, in the same terms resulting from this resolution.

For the necessary purposes, it is hereby expressly noted that any shares acquired as a result of this authorisation may be used both for disposal or redemption, or towards the remuneration systems foreseen in article 146.1, paragraph three, of the Companies Act.

This authorisation will be effective as of the date the Company shares are officially listed on the Stock Exchange Markets of Madrid, Barcelona, Bilbao and Valencia".

NOTE: In turn, the Board of Directors at its meeting held on 28 July 2014 unanimously agreed to establish an ad hoc committee in order to determine the date and number of own shares to be acquired, pursuant to the terms and conditions included in the Incentives Plan and for any other purpose that may be beneficial for the corporate interest.

A.10 State whether there are any restrictions on the transfer of securities and/or any restriction on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares in the market.

Yes [X] No [ ]

NOTE: As it is market practice in initial public offerings operations, on 7 May 2014, before its shares were listed on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia, the company executed an Underwriting Agreement whereby both the company and Azul Holding S.C.A and Azul Finance S.à r.l., then shareholders of the company, undertook not to transfer their shares in the company over a period of 180 days following the listing date of its shares, without the consent of the global coordinators of the issue. Furthermore, the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer of the company will not be able to transfer their shares over a period of 360 days following the listing date of the company shares, without the consent of the global coordinators of the issue.

A.11 State whether the general shareholders' meeting have approved the adoption measures to neutralize a public takeover bid, pursuant to the provisions of Law 6/2007:

Yes [ ] No [X]

If applicable, describe the approved measures and the terms on which the restrictions will become ineffective:

A.12 State whether the company has issued securities that are not traded on a regulated market within the European Community.

Yes [ ] No [X]

If applicable, state the different share clases and, for each of them, the rights and obligations.

B. GENERAL SHAREHOLDERS' MEETING

B.1 State and, if applicable, explain whether there are differences with the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting.

Yes [ ] No [X]

B.2 State and, if applicable, explain any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

Yes [ ] No [X]

Describe how they differ from the rules provided by the Companies Act.

B.3 State the rules applicable to the amendment of the by-laws of the company. In particular, disclose the majorities provided for amending the by-laws, and any rules provided for the protection of the rights of the shareholders in the amendment of the by-laws.

COMPANY BY-LAWS

Article 19.2 of the company By-laws provides that all resolutions will be adopted with the favorable vote of more than half the voting shares, present or represented at a General Shareholders Meeting, unless a qualified majority is required by the Act or the Company By-laws. The General Meeting Regulations will describe the procedures and systems used to calculate the votes issued on any proposed resolutions.

GENERAL SHAREHOLDERS MEETING REGULATIONS

In order for a General Meeting to validly convened, if an amendment of the By-laws is intended, article 16.8 (b) of the Regulations will apply, whereby it will be necessary the assistance of shareholders, present or represented at first call that hold at least fifty per cent (50%) of the voting capital stock subscribed. At second call, it will suffice for twenty-five per cent (25%) of the capital stock to attend.

In order for the General Shareholders Meeting to adopt resolutions that entail an amendment of the By-laws, at least two thirds (2/3) of the voting capital stock in attendance must vote in favour, as foreseen in article 21.1 (b) of the General Shareholders Meeting Regulations.

B.4 State the data on attendance at the general shareholders' meetings held during the financial year referred to in this report and those of the prior financial year:

	Attendance data				
Date of General Shareholders' Meeting	% of shareholders present in person	% of shareholders represented by proxy	% absentee voting		Total
			Electronic voting	Other	
4 March 2014	100%	0%	0%	0%	100%
25 March 2014	100%	0%	0%	0%	100%
4 April 2014	100%	0%	0%	0%	100%
22 April 2014	100%	0%	0%	0%	100%
7 May 2014	100%	0%	0%	0%	100%

B.5 State whether there are any By-law restrictions requiring a minimum number of shares to attend the general shareholders' meeting.

Yes [ ] No [X]

B.6 State whether it has been resolved that certain decisions involving a structural modification of the company ("subsidiarisation", purchase/sale of core operating assets, transactions equivalent to the liquidation of the company, etc.) must be submitted for approval by the shareholders at a general shareholders' meeting, even if not expressly required by Commercial Laws.

Yes [X] No [ ]

B.7 State the address and method for accessing the company's website to access

information regarding corporate governance and other information regarding general shareholders' meetings that must be made available to the shareholders through the company's website.

The corporate website is available at www.applus.com. At the top, under "Investor Relations", full information is provided on corporate governance and General Meetings. Specifically, through the following links- http://www.applus.com/es/InvestorRelations/Corporate-governance and http://www.applus.com/es/InvestorRelations/Shareholders-meetings - direct access is provided to information on corporate governance and General Meetings, respectively.

C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1 Board of directors

C.1.1 Maximum and minimum number of directors set forth in the By-laws:

Maximum number of directors	9
Minimum number of directors	7

C.1.2 Complete the following table identifying the members of the board:

Individual or company name of the director	Representative	Position on Board	Date of first appointment	Date of last appointment	Election procedure
MR. CHRISTOPHER COLE	N/A	CHAIRMAN	07/05/2014	07/05/14	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. FERNANDO BASABE ARMIJO	N/A	DIRECTOR	01/02/2011	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. RICHARD CAMPBELL NELSON	N/A	DIRECTOR	01/10/2009	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. PEDRO DE ESTEBAN FERRER	N/A	DIRECTOR	27/09/2007	04/04/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. JOHN DANIEL HOFMEISTER	N/A	DIRECTOR	1/07/2013	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. ERNESTO MATA LÓPEZ	N/A	DIRECTOR	29/11/2007	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. JOSEP MARÍA PANICELLO PRIME	N/A	DIRECTOR	08/10/2013	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. MARIO PARDO ROJO	N/A	DIRECTOR	27/09/2007	04/04/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. ALEX WAGENBERG BONDAROVSCHI	N/A	DIRECTOR	27/09/2007	04/04/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION

Total number of directors	9

State the vacancies on the board of directors during the reporting period:

Individual or company name of the director	Status of the director at time of vacancy	Date of vacancy
AZUL MANAGEMENT S.À R.L.	Proprietary	4 April 2014
THE CARLYLE GROUP (LUXEMBOURG), S.À R.L.	Proprietary	4 April 2014
CEP II ADVISOR, S.À R.L.	Proprietary	4 April 2014
CEP III ADVISOR, S.À R.L.	Proprietary	4 April 2014
MR. CARLOS KINDER ESPINOSA	Proprietary	4 April 2014
MR. CHRISTOPHER FINN	Proprietary	4 April 2014
MR. JUAN MANUEL SOLER PUJOL	Proprietary	4 April 2014
MR. JOAQUÍN COELLO BRUFAU	Proprietary	7 May 2014

C.1.3 Complete the following table about the members of the board and each member's status:

EXECUTIVE DIRECTORS

Individual or company name of director	Committee that has reported on the director's appointment	Position within the company's structure
MR. FERNANDO BASABE ARMIJO	APPOINTMENTS AND REMUNERATION COMMITTEE	CHIEF EXECUTIVE OFFICER

Total number of executive directors	1
Total % of the board	11.11%

EXTERNAL PROPRIETARY DIRECTORS

Individual or company name of director	Committee that has reported on the director's appointment	Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment
MR. PEDRO DE ESTEBAN FERRER	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.
MR. ALEX WAGENBERG BONDAROVSCHI	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.

MR. MARIO PARDO ROJO	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.
MR. JOSEP MARIA PANICELLO PRIME	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.

Total number of proprietary directors	4
Total % of the board	44.44%

EXTERNAL INDEPENDENT DIRECTORS

Individual or company name director	Profile
See description below	Ditto

Director's identity or name: MR. CHRISTOPHER COLE

Profile: Mr. Cole holds a Degree in Environmental Engineering from Borough Polytechnic (University of South Bank) and is an associate engineer in the United Kingdom. Furthermore, Mr. Cole completed an Executive Management Course at INSEAD, France, in 1999. Mr. Cole founded WSP Group Plc, a professional services company that was listed on the London Stock Exchange in 1987. Mr. Cole held the post of Chief Executive Officer (CEO) of the company until it merged with Genivar, Inc. in 2012, whereupon he was appointed non-executive chairman of the entity resulting from the merger, WSP Global Inc., whose shares were listed on the Toronto Stock Exchange. Currently, Mr. Cole is also non-executive chairman of Ashtead Group Plc, senior independent director of Infinis Energy Plc and non-executive chairman of Tracsis Plc.

Director's identity or name: MR. ERNESTO GERARDO MATA LÓPEZ

Profile: Mr. Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona). Mr. Mata López has developed extensive experience in the energy and capital markets sectors. He was a director of Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), Unión Fenosa Soluziona, S.A., Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the chairman of the audit committee. Currently, Mr. Mata López is a member of the advisory board of Abertis Infraestructuras, S.A., chairman of the board of Pagaralia, S.L., Senior Advisor to Matlin Patterson Global Advisers LLC, member of the board of Factor Energía, S.A., Toro Finance, S.L. and a member of the advisory board of Herbert Smith Freehills LLP (Spain).

Director's identity or name: MR. JOHN DANIEL HOFMEISTER

Profile: Mr. Hofmeister holds a Bachelor's and Master's Degree in Political Science from Kansas State University. In May 2010 he was awarded an honorary doctorate from the University of Houston. In May 2014 he was awarded an honorary doctorate from Kansas State University. Mr. Hofmeister was the President of Shell Oil Company in the US from 2005 to 2008 and prior to that he was the Group Director of Human Resources at Royal Dutch Shell in the Netherlands. Mr.

Hofmeister founded and heads the not for profit membership association, Citizens for Affordable Energy. Mr. Hofmeister is a key member of the US Energy Security Council, a bipartisan not for profit group in Washington, DC that includes several dozen former Presidential Appointees and Fortune 100 CEO's who focus on US national security through energy security. Mr. Hofmeister has also held executive positions at General Electric, Nortel Networks and AlliedSignal (now Honeywell International). Mr. Hofmeister serves as a non-executive director of Hunting plc (London, UK) and CAMAC Energy, Inc. (Houston, Texas).

Director's identity or name: MR. RICHARD CAMPBELL NELSON

Profile: Mr. Nelson is a fellow of the Institute of Chartered Accountants in England and Wales and holds a Master of Science Degree in Economics at the London Business School. Mr. Nelson was a director of Transcontinental Services Inc. from 1972 and CEO from 1982 to the date of its acquisition by Inchcape Plc in 1985. He was nominated to the same position in Inchcape Plc which combined Transcontinental Services Inc. with its consumer goods testing and minerals testing businesses to become Inchcape Testing Services NA, Inc. In 1996, Inchcape Testing Services NA, Inc. was acquired by a private equity firm and became Intertek Group Limited of which Mr. Nelson was the executive chairman until 2002, when the company floated on the London Stock Exchange. At this time, Mr. Nelson became the CEO of Intertek Group Limited (an ICT sector company) until he retired in 2006.

Total number of independent directors	4
Total % of the board	44.44%

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director or senior officer of an entity that maintains or has maintained such relationship.

Note: Prior to the listing of the company shares on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia on 9 May 2014, the services agreements indicated below were terminated and all outstanding remuneration paid. Currently, there is no Independent Director receiving payment for any item other than Director's remuneration.

Individual or company name of the director: Ernesto Mata López
Description of the relationship: Consultancy Services Agreements
Reasoned statement: N/A

Individual or company name of the director: Richard Campbell Nelson
Description of the relationship: Consultancy Services Agreements
Reasoned statement: N/A

Individual or company name of the director: John Daniel Hofmeister
Description of the relationship: Consultancy Services Agreements
Reasoned statement: N/A

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

OTHER EXTERNAL DIRECTORS

Describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management, or its shareholders.

State the changes, if any, in the type of director during the period:

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 financial years, as well as the type of such female directors:

	Number of female directors				% of total female directors each class			
	Year 2013	Year 2012	Year 2011	Year 2010	Year 2013	Year 2012	Year 2011	Year 2010
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	0	0	0	0	0%	0%	0%	0%
Independent	0	0	0	0	0%	0%	0%	0%
Other external	0	0	0	0	0%	0%	0%	0%
Total:	0	0	0	0	0%	0%	0%	0%

C.1.5 Describe any measures adopted to include on the board of directors a number of women that allows for a balanced presence of men and women.

Description of measures
At present, no woman belongs to the Company's Board of Directors. Nevertheless, the Company confirms that: a) The selection process for new Company members is free of implicit biases that hinder the selection of women to cover any vacancies. b) The Company will make a concise effort to include women, with the necessary professional qualifications, amongst the candidates applying to join the Board of Directors.

C.1.6 Describe any measures approved by the remuneration in order for selection procedures to be free of implicit biases that hinder the selection of female directors, and in order for the company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates:

Description of measures

The Appointments and Remuneration Committee has been expressly assigned this task, gathered in article 40.3.(a)(viii) of the Regulations of the Board of Directors: *"To report to the Board of Directors on the issues of gender diversity, and safeguard that, when filling new vacancies, the selection procedure does not suffer from implicit biases that might hinder the selection of female Directors; and so that the Company deliberately searches for, and includes among potential candidates, women who meet the sought after professional profile".*

If there are few or no female directors despite any measures adopted, describe the reasons for such result:

Description of reasons
Since the company's shares were listed on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia last 9 May 2014, no vacancies have arisen to date on the Board of Directors, which is why no selection process has been carried out. Nevertheless, in any future selection procedures the Appointments and Remuneration Committee will ensure that women meeting the professional profile sought are included amongst the potential candidates, so no implicit biases that hinder the selection of female directors exist in the selection procedures.

C.1.7 Explain the form of representation on the board of shareholders with significant holdings.

Currently, the following Proprietary External Directors are acting on behalf of Azul Holding, S.C.A., indirectly owned by CEP II Participations, S.à r.l. SICAR and CEP III Participations, S.à r.l. SICAR: Mr. Josep Maria Panicello Primé, Mr. Pedro de Esteban Ferrer, Mr. Alex Wagenberg Bondarovschi and Mr. Mario Pardo Rojo.

C.1.8 Describe, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 5% of share capital.

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:

Yes ☐ No ☒

C.1.9 State whether any director has withdrawn from the position as such before the expiration of the director's term of office, whether the director has given reasons to the board and by what means, and in the event that the director gave reasons in writing to the full board, describe at least the reasons given thereby:

Name of the director	Reason for withdrawal

Azul Management S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
The Carlyle Group (Luxembourg), S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
CEP II Advisor, S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
CEP III Advisor, S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Carlos Kinder Espinosa	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Christopher Finn	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Juan Manuel Soler Pujol	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Joaquín Coello Brufau	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia

C.1.10 State any powers delegated to the chief executive officer(s):

C.1.11 Identify any members of the board who are directors or officers of companies within the listed company's group:

Individual or company name of the director	Company name of the group member	Post
MR. FERNANDO BASABE ARMIJO	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	APPLUS SERVICIOS TECNOLÓGICOS, S.L.U.	SOLE DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	LGAI TECHNOLOGICAL CENTER, S.A.	DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	APPLUS ITEUVE TECHNOLOGY, S.L.U.	SOLE DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	LIBERTYTOWN USA 1, INC.	CHAIRMAN

MR. FERNANDO BASABE ARMIJO	LIBERTYTOWN USA FINCO, INC	CHAIRMAN
MR. FERNANDO BASABE ARMIJO	APPLUS TECHNOLOGIES, INC.	CHAIRMAN
MR. FERNANDO BASABE ARMIJO	K1 KATSASTAJAT OY	DIRECTOR
MR. FERNANDO BASABE ARMIJO	AZUL HOLDING 2 S.à r.l.	MANAGER
MR. FERNANDO BASABE ARMIJO	VELOSI INTERNATIONAL HOLDING COMPANY B.S.C. CLOSED	DIRECTOR
MR. MARIO PARDO ROJO	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	DIRECTOR's REPRESENTATIVE
MR. MARIO PARDO ROJO	LGAI TECHNOLOGICAL CENTER, S.A.	DIRECTOR's REPRESENTATIVE

C.1.12 Identify the directors of your company, if any, who are members of the board of directors of other companies listed on official stock exchanges other than those of your group that have been reported to your company:

Individual or company name of the director	Name of listed company	Position
MR. CHRISTOPHER COLE	ASHTEAD GROUP, PLC.	NON-EXECUTIVE CHAIRMAN
MR. CHRISTOPHER COLE	INFINIS ENERGY, PLC.	SENIOR INDEPENDENT DIRECTOR
MR. CHRISTOPHER COLE	WSP GLOBAL, INC	NON.EXECUTIVE CHARIMAN
MR. CHRISTOPHER COLE	TRACSIS, PLC	NON-EXECUTIVE CHAIRMAN
MR. JOHN DANIEL HOFMEISTER	HUNTING, PLC	NON-EXECUTIVE DIRECTOR
MR. JOHN DANIEL HOFMEISTER	CAMAC ENERGY, INC	NON-EXECUTIVE DIRECTOR

C.1.13 State and, if applicable, explain whether the company has established rules regarding the number of boards of which its directors may be members:

Yes [ ] No [X]

C.1.14 Indicate the company's general policies and strategies reserved for approval by the full board:

	Yes	No
Investment and financing policy	X	
Design of the structure of the group of companies	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan, as well as management objectives and annual budgets	X	
Policy for the remuneration and evaluation of performance of senior management	X	
Risk control and management policies, as well as the periodic monitoring of the internal information and control systems	X	
Dividend policy, as well the treasury share policy and, especially, the limits thereto	X	

C.1.15 State the overall remuneration of the board of directors:

Remuneration of the board of directors (thousands of euros)	12,210
Amount of total remuneration corresponding to pension rights accumulated by the directors (thousands of euros)	0
Overall remuneration of the board of directors (thousands of euros)	12,210

C.1.16 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the financial year:

Individual or company name	Position(s)
MR. JORGE LLUCH ZANON	CORPORATE DEVELOPMENT & COMMUNICATIONS SENIOR VICE PRESIDENT
MR. JOAN AMIGÓ I CASAS	CHIEF FINANCIAL OFFICER
MR. AITOR RETES AGUADO	AUTOMOTIVE EXECUTIVE VICE PRESIDENT
MR. JORDI BRUFAU REDONDO	LABORATORIES EXECUTIVE VICE PRESIDENT
MR. RAMÓN FERÁNDEZ ARMAS	NORCONTROLS ESPAÑA & VELOSI EXECUTIVE VICE PRESIDENT

MR. PABLO SANJUAN SARDE	NORCONTROL LATAM EXECUTIVE VICE PRESIDENT
MR. JOSÉ DELFÍN PÉREZ FERNÁNDEZ	HUMAN RESOURCES SENIOR VICE PRESIDENT
MS. EVA ARGILÉS MALONDA	GENERAL COUNSEL
MR. CARLES GRASAS ALSINA	IDIADA EXECUTIVE VICE PRESIDENT
MR. IAIN LIGHT	RTD EXECUTIVE VICE PRESIDENT
MR. ALEIX RIBAS AGUILERA	INTERNAL AUDIT MANAGER
MR. ARNE WILERSLEV	FORMER AUTOMOTIVE INTERNATIONAL EXECUTIVE VICE PRESIDENT
MR. NABIL ABDUL JALIL	FORMER VELOSI EXECUTIVE VICE PRESIDENT

Total senior management remuneration (in thousands of euros)	17.107

C.1.17 State the identity of the members of the board, if any, who are also members of the board of directors of significant shareholders and/or in entities of their group:

Individual or company name of the director	Company name of the significant shareholder	Position
D. PEDRO DE ESTEBAN FERRER	THE CARLYLE GROUP ESPAÑA, S.L.	PRESIDENTE
D. MARIO PARDO ROJO	TELECABLE CAPITAL HOLDING, S.L	JOINT CHIEF EXECUTIVE OFFICER

Describe any significant relationships, other than the ones contemplated in the prior item, of the members of the board of directors linking them to significant shareholders and/or companies within their group:

Individual or company name of the director	Individual or company name of related significant shareholder	Description of relationship
D. PEDRO DE ESTEBAN FERRER	THE CARLYLE GROUP ESPAÑA, S.L	EMPLOYEE
D. ALEX WAGENBERG-BONDAROVSCHI	THE CARLYLE GROUP ESPAÑA, S.L	EMPLOYEE
D. MARIO PARDO ROJO	THE CARLYLE GROUP ESPAÑA, S.L	EMPLOYEE

C.1.18 State whether the regulations of the board have been amended during the financial year:

Yes [X] No [ ]

Description of amendments
During the financial year, two changes were made to the Regulations of the Board of Directors: • The first informed by the Audit Committee at its meeting of 28 July 2014 and unanimously approved by the Board of Directors at its meeting likewise held on said date, amended article 38 in order to enable Executive Committee meetings to be held without necessarily requiring that the Board Secretary be also Secretary of the Executive Committee. • The second was informed by the Audit Committee on 30 October 2014 and unanimously approved by the Board of Directors at its meeting likewise held on said date. Article 7 was amended in order to determine, for internal organization purposes, the scope of competences and to define, as necessary, the powers of the Board of Directors, Executive Committee and Chief Executive Officer. Further to article 4.5 of the Regulations of the Board of Directors, the Board of Directors will inform the shareholders of these amendments at the next general meeting.

C.1.19 State the procedures for the selection, appointment, re-election, evaluation, and removal of directors. List the competent bodies, the procedures to be followed, and the criteria applied in each of such procedures.

Appointment

According to article 23 of the company By-laws, the members of the Board of Directors shall be appointed by the General Shareholders' Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act. It is not necessary to be a shareholder to be elected member of the Board, except in the case of co-option. Individual or legal entities covered by any of the prohibitions established by current legislation for reasons of incapacity or incompatibility shall be disqualified from Board membership.

According to article 14 of the Regulations of the Board of Directors, proposals for the appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and appointment decisions adopted by the Board of Directors pursuant to its interim appointment authority shall be made subject to the prior report by the Appointments and Remuneration Committee (in the case of executive and proprietary Directors), and subject to a proposal from the Appointments and Remuneration Committee (in the case of independent Directors).

Term of office (article 23.3 of the Company By-laws)

Tenure of office shall be six (6) years as from the date of acceptance, being able to be re-elected one or more times for periods of equal duration. However, it is expected the first General Shareholder's Meeting held in 2015 to approve the amendment, amongst others, of the article of the by-laws regarding the tenure of office, in order to adapt it to a four (4) years term, in accordance with Law 31/2014 of December 3 which amends the Companies Act.

Article 15.2 of the Regulations of the Board of Directors provides that directors appointed by interim appointment shall remain in their posts until the date of the first General Shareholders' Meeting. This period will not be included in calculations for the purposes of point 15.1 above.

Re-appointment (article 16 of the Regulations of the Board of Directors)

Before the reappointment of Directors is proposed to the General Shareholders' Meeting, the Appointments and Remuneration Committee shall issue a report evaluating the work and dedication of the Directors proposed during the previous term in office.

Self-assessment (article 36 of the Regulations of the Board of Directors)

The Board of Directors shall dedicate the first meeting of the year to an assessment of its operation during the previous financial year, evaluating the quality of its work, assessing the effectiveness of its regulations, and if appropriate, correcting those aspects that were found not to be functional. Furthermore, the Board of Directors shall assess the performance of its duties through the Chairman of the Board of Directors and the senior executive of the Company, based on the report issued by the Appointments and Remuneration Committee, as well as the operation of the Board of Directors Committees, based on their reports.

Removal (article 17 of the Regulations of the Board of Directors)

Directors shall be removed from their post once the term for which they were appointed has lapsed or when so decided by the General Shareholders' Meeting pursuant to the powers conferred upon them by law and in the by-laws, with no need for said decision to be included in the agenda of the General Shareholders' Meeting. The Board of Directors shall not propose the removal of any independent Director before the end of the statutory term for which they have been appointed, except where the Board of Directors considers that sufficient grounds for such action exist, based on a report by the Appointments and Remuneration Committee. In particular, sufficient grounds will be deemed to exist when the Director has failed to fulfil the duties of its position or is affected by one or more of the circumstances that would have prevented its appointment as an independent Director, in accordance with applicable legal provisions.

C.1.20 State whether the board of directors has performed an evaluation of its activities during the financial year:

Yes [ ] No [X]

If so, explain the extent to which the self-evaluation has given rise to significant changes in its internal organisation and regarding the procedures applicable to its activities:

C.1.21 State the circumstances under which the resignation of directors is mandatory

According to article 17.2 of the Regulations of the Board of Directors, "*Directors must tend their resignation to the Board of*

Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:

(a) When they cease in the positions, posts, or functions related with their appointment as executive Directors;

(b) In the case of proprietary Directors, when the shareholder whose interests they represent transfers all of their shares, or that they do it in the corresponding number in case said shareholder reduces its holding in the Company;

(c) When they are affected by any of the incompatibility or prohibition provisions legally established;

(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or

(e) When their continuance on the Board of Directors may jeopardize the interests of the company".

C.1.22 State whether the powers of the top executive of the company are vested in the chair of the board. If so, describe the measures that have been taken to mitigate the risks of accumulation of powers in a single person:

Yes ☐ No ☒

State and, if applicable, explain whether rules have been established whereby one of the independent directors is authorised to request that a meeting of the board be called or that new items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the board of directors.

Yes ☒ No ☐

Description of rules
Article 32.3 of the Regulations of the Board of Directors.- Vice-chairmen. Delegations. *"When the Chairman of the Board of Directors is also the Chief Executive Officer of the Company, one (1) independent Director shall be vested by the Board of Directors to request, as it deems appropriate, that a meeting of the Board of Directors shall be convened and that new items be included on the agenda."*

C.1.23 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes ☐ No ☒

If so, describe the differences:

C.1.24 Explain whether there are specific requirements, other than the requirements relating to directors, to be appointed chairman of the board of directors.

Yes ☐ No ☒

C.1.25 State whether the chairman has a casting vote:

Yes ☐ No ☒

C.1.26 State whether the by-laws or the regulations of the board set forth any age limit for directors:

Yes ☐ No ☒

C.1.27 State whether the by-laws or the regulations of the board establish any limit on the term of office for independent directors that is different than the term provided by regulatory provisions:

Yes ☐ No ☒

C.1.28 State whether the by-laws or the regulations of the board establish any specific rules for proxy-voting at meetings of the board of directors, the manner of doing so, and particularly the maximum number of proxies that a director may hold, as well as whether proxies must be given to a director of the same class. If so, briefly describe such rules.

Article 27.2 of the company By-laws provides that directors may only be represented at meetings of the Board of Directors by another director. In any case, representation shall be granted by a letter addressed to the chairman or by other means detailed in the Regulations for the Board of Directors.

Article 19 of the Regulations of the Board of Directors provides the obligations that Directors must fulfil when in office. Specifically, article 19.2.(a) establishes that directors shall attend meetings of bodies of which they are part and actively participate in deliberations, so that it can effectively contribute to the decision-making process. Furthermore, said article also provides that if any director cannot be present at sessions to which they have been called to attend, they must instruct the director who they have appointed as representative.

C.1.29 State the number of meetings that the board of directors has held during the financial year. In addition, specify the number of times the board has met, if any, at which the chairman did not attend. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	10
Number of meetings of the board at which the chairman did not attend	0

State the number of meetings held by the different committees of the board of directors during the financial year:

Number of meetings of the executive committee	5
Number of meetings of the audit committee	2
Number of meetings of the appointments and remuneration committee	3

C.1.30 State the number of meetings that the board of directors has held during the financial year with the attendance of all of its members. Proxies granted with specific instructions shall be counted as attendance:

Attendance of the directors	10
% in attendance of total votes during the financial year	100%

C.1.31 State whether the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:

Yes ☐ No ☒

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated accounts of the company for preparation by the board:

C.1.32 Explain the mechanisms, if any, adopted by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.

Article 13.3 of the Regulations of the Board of Directors establishes that: "*The Board of Directors shall attempt to formulate definitive financial information so that there is no scope for qualifications or reservations on the part of the auditor. However, when the Board of Directors is of the view that it must sustain its criteria, the Chairman of the Audit Committee (and the auditors) shall explain to the shareholders the content and scope of said reservations and qualifications*".

In accordance with article 39 of the Regulations of the Board of Directors, the Audit Committee is in charge of, amongst others, ensuring the efficiency of the internal audit and reviewing the internal control and risk management systems, as well as discussing with external auditors any significant weak points in the internal control system. .

C.1.33 Is the secretary of the board a director?

Yes ☐ No ☒

C.1.34 Describe the procedures for appointment and removal of the secretary of the board, stating whether the appointment and removal thereof have been reported upon by the appointments committee and approved by the full board.

Procedure for appointment and removal
Pursuant to article 33.4 of the Regulations of the Board of Directors "*The appointment and removal of the Secretary shall be subject to a report by the Appointments and Remunerations Committee, and shall be approved by the full Board of Directors*".

	Yes	No
Does the appointments committee report on the appointment?	X	
Does the appointments committee report on the removal?	X	
Does the full board approve the appointment?	X	
Does the full board approve the removal?	X	

Is the secretary of the board especially responsible for ensuring compliance with good governance recommendations?

Yes [X] No [ ]

Comments
Article 33.3 of the Regulations of the Board of Directors provides that: "*The Secretary shall take particular care to ensure that the Board of Directors is duly adjusted to the letter and the spirit of the laws and regulations (including that approved by the regulatory entities); that they conform to the By-laws and the Regulations of the General Meeting and the Board of Directors and any other corporate rules; and take into account the recommendations for good governance accepted by the Company*".

C.1.35 State the mechanisms, if any, established by the company to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

Article 39.7(b) (iii) of the Regulations of the Board of Directors provides that the Audit Committee, will "*monitor the independence of the external auditor, to which end, the company shall:*

– *Notify any change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements arising with the outgoing auditor and, should this be the case, their content.*

– *Ensure that the company and the auditor comply with current regulations on the provision of non-audit services, the limits on the auditor's business concentration, the regulations referring to the requirement to rotate the auditor issuing the audit report, and in general, any other provisions established in order to ensure the independence of the auditors.*

The Audit Committee shall issue a report annually, in which it shall express its opinion on the auditors' independence. This report shall refer in any case to the provision of additional services provided by the auditors to the company or to any entity associated with the company, whether directly or indirectly.

To this end, the Audit Committee shall receive the auditors' written confirmation of their independence in respect of the company, and any of its associated entities, whether directly or indirectly, as well as any information on additional services of any kind that they have provided to the company or any of its associated entities, whether directly or indirectly.

– *In the event that the external auditor withdraws, the circumstances motivating this withdrawal shall be examined.*"

C.1.36 State whether the company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:

Yes [ ] No [X]

If there has been any disagreement with the outgoing auditor, provide a description thereof:

C.1.37 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:

Yes [X] No [ ]

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	180	1,062	1,242
Amount of non-audit work / Aggregate amount billed by the audit firm (%)	59%	36%	42%

C.1.38 State whether the audit report on the annual accounts for the prior financial year has observations or qualifications. If so, state the reasons given by the chair of the audit committee to explain the content and scope of such observations or qualifications.

Yes [ ] No [X]

C.1.39 State the consecutive number of years for which the current audit firm has been auditing the annual accounts of the company and/or its group. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the annual accounts have been audited:

	Company	Group
Number of continuous financial years	8	8
Number of years audited by the current audit firm/ Number of years in which the company has been audited (%)	100.00%	100.00%

C.1.40 State whether there is any procedure for directors to hire external advisory services, and if so, describe it:

Yes [X] No [ ]

Describe the procedure
Article 26 of the Regulations of the Board of Directors expressly states that "*for the purpose of assisting the Directors in the performance of their duties, the external Directors may request the company to hire legal, accounting or financial advisers or any other experts, whose services shall be paid by the Company.* *Such engagement shall necessarily address specific problems of certain significance and complexity, arising in the context of the performance of their duties.* *2. The request for contracting advisers or external experts should be addressed to the Chairman of the Board of Directors and shall be authorized by the Board of Directors if, in its opinion:*

(a) it is necessary to ensure the effective performance of the duties entrusted to the independent Directors; *(b) the cost of this assistance is reasonable, in view of the importance of the issue and given the assets and income of the Company; and* *(c) the technical assistance sought cannot be provided adequately by Company experts and specialists.* *3. In the event that the request for expert assistance were made by any of the Committees of the Board of Directors, it may not be refused, unless the majority of Directors considers that the circumstances established in paragraph 2 of this article do not apply."*

C.1.41 State whether there is any procedure for directors to obtain sufficiently in advance the information required to prepare for meetings of governing bodies and, if so, describe it:

Yes [X] No [ ]

Describe the procedure
Article 25 of the Regulations of the Board of Directors provides that "*the Directors may be informed of any aspect of the Company and companies of the Applus+ Group, whether Spanish or foreign. To this end, he/she may examine the documentation he/she deems appropriate, contact with the heads of the relevant departments, and visit the corresponding facilities.* *In order to avoid disrupting the normal management of the Applus+ Group, the exercise of the faculties of information shall be channelled through the Chairman, who shall address the Director's requests, providing him/her with the information directly or making him/her available the appropriate interlocutors at the relevant level of the organization.* *In the event that the information request is declined, delayed, or not properly addressed, the Director requesting the information may reiterate his/her request to the Audit Committee which, having heard the Chairman, and the Director, shall decide accordingly.* *The information requested may only be refused when, in the opinion of the Chairman and the Audit Committee, it is unnecessary or prejudicial to the corporate interests. Such refusal shall not be possible when the request is supported by the majority of the Directors.*" Article 31.3 of the Regulations of the Board of Directors provides that "*As the Chairman of the Board of Directors is responsible for the effective operation and functioning of the Board of Directors, it shall be required to ensure that the Directors are provided with sufficient information beforehand; (...)*"

C.1.42 State whether the company has established any rules requiring directors to inform the company —and, if applicable, resign from their position— in cases in which the credit and reputation of the company may be damaged, and if so provide a detailed description:

Yes [X] No [ ]

Describe the rules
Article 17.2 of the Regulations of the Board of Directors provides

that:

"Directors must tend their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:

(a) ...;
(b) ...;
(c) When they are affected by any of the incompatibility or prohibitions provisions legally established;
(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or
(e) When their continued presence on the Board of Directors may jeopardize the interests of the Company.

When a Director is removed from its office before the end of the term of office following its resignation or for whatever other reason, the Director shall explain the reasons for doing so in a letter addressed to all the members of the Board of Directors. Even if said removal is communicated as a relevant fact, the reasons for said removal will be included in the Annual Corporate Governance Report."

C.1.43 State whether any member of the board of directors has informed the company that such member has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of a bench trial has been issued against such member for the commission of any of the crimes contemplated in section 213 of the Companies Act:

Yes ☐ No ☒

State whether the board of directors has analysed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the director should remain in office or, if applicable, describe the actions taken by the board of directors through the date of this report or that it plans to take.

C.1.44 Describe the significant agreements entered into by the company that go into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and effects thereof.

The Multicurrency Facilities Agreement signed by the Company on 7 May 2014 with certain financial institutions includes early maturity clauses in the event of a change in control, in standard terms for contracts of this kind.

Furthermore, as reflected in the Prospectus for the listing of the Company shares, the plan to deliver restricted stock units ("RSUs") in favour of certain executives of the Company's group (the "RSU Plan") foresees that, in the event of a change in control in the Company's group, all units to which these executives are entitled under said RSU Plan will be delivered in advance.

C.1.45 Identify on an aggregate basis and provide a detailed description of the agreements between the company and its governing bodies, management or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or termination without cause, or if the labour relationship is

terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries: 8

Type of beneficiary

Chief Executive Officer and managers who report to him

Description of agreement

The company has entered into severance payment arrangements ("*blindajes*") with the Chief Executive officer and seven (7) members of the senior management team who report to him. The amounts payable to senior management pursuant to the severance payment arrangements may be determined by reference to one of the three following parameters, as applicable: (i) a compensation equal to twice the gross annual compensation received by the relevant senior manager in the year immediately preceding termination of employment; (ii) a gross compensation equal to twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment after withholding taxes; or (iii) a compensation (net of tax) equal to the greater of (x) twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment, and (y) the amount equal to 45 days of salary received by the relevant senior manager per year of employment with a 42 month limit.

Pursuant to the arrangements entered into by the group, certain senior managers (including the CEO) are entitled to severance payments in case: (i) their employment is terminated by the group at will, except in case of fair disciplinary dismissal ("*despido disciplinario procedente*") declared by a final judgment; in some of the cases (not including the CEO): (ii) in the event they decide to early terminate their employment with the group, except in case of resignation ("*dimisión*").

In addition to these 8 managers, there are others in the company, who do not report directly to the CEO and have severance payment arrangements ("*blindaje*").

State whether such agreements must be reported to and/or approved by the decision-making bodies of the company or its group:

	Board of directors	General shareholders 'meeting
Decision-making body approving the provisions	NO	NO

	YES	NO
Is information about these provisions provided to the shareholders at the general shareholders' meeting?		X

C.2 Committees of the board of directors

C.2.1 Describe all of the committees of the board of directors, the members thereof, and the proportion of proprietary and independent directors of which they are comprised:

EXECUTIVE COMMITTEE

Name	Position	Class
MR. CHRISTOPHER COLE	CHAIRMAN	INDEPENDENT
MR. FERNANDO BASABE ARMIJO	MEMBER	EXECUTIVE
MR. ALEX WAGENBERG BONDAROVSCHI	MEMBER	PROPRIETARY
MR. PEDRO DE ESTEBAN FERRER	MEMBER	PROPRIETARY

% executive directors	25.00%
% proprietary directors	50.00%
% independent directors	25.00%
% other external	0.00%

AUDIT COMMITTEE

Name	Position	Class
MR. ERNESTO GERARDO MATA LÓPEZ	CHAIRMAN	INDEPENDENT
MR. JOSEP MARIA PANICELLO PRIMÉ	MEMBER	PROPRIETARY
MR. MARIO PARDO ROJO	MEMBER	PROPRIETARY

% executive directors	0.00%
% proprietary directors	67.00%
% independent directors	33.00%
% other external	0.00%

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Class
MR. JOHN DANIEL HOFMEISTER	CHAIRMAN	INDEPENDENT
MR. RICHARD CAMPBELL NELSON	MEMBER	INDEPENDENT
MR. ALEX WAGENBERG BONDAROVSCHI	MEMBER	PROPRIETARY

% executive directors	0.00%
% proprietary directors	33.00%
% independent directors	67.00%
% other external	0.00%

C.2.2 Complete the following table with information regarding the number of female directors comprising the committees of the board of directors for the last four financial years:

	Number of female directors							
	Year 2014		Year 2013		Year 2012		Year 2011	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0,00%	0	0,00%	0	0,00%	0	0,00%
Audit Committee	0	0,00%	0	0,00%	0	0,00%	0	0,00%

Appointments and Remuneration Committee	0	0,00%	0	0,00%	0	0,00%	0	0,00%

C.2.3 State whether the audit committee has the following duties:

	Yes	No
Supervise the process of preparation and the integrity of the financial information relating to the company and, if applicable, to the group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.	X	
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.	X	
Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election, and withdrawal of the head of the internal audit area; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.	X	
Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the company.	X	
Submit to the board proposals for the selection, appointment, re-election, and replacement of the external auditor, as well as the contractual terms under which it should be hired.	X	
Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.	X	
Ensure the independence of the external auditor	X	

C.2.4 Describe the rules of organisation and operation of, and the duties assigned to, each of the board committees.

SUPERVISORY COMMITTEE

It consists of at least three members and no more than five, to be chosen amongst and by the Board of Directors, which may permanently delegate to it all the Board's powers, except for those which according to the law, the By-laws or the Regulations of the Board of Directors are its exclusive competencies. As an exception, the Supervisory Committee may take decisions in relation to the matters contained in article 7.2 sections (b) and (c) of the Regulations of the Board of Directors, when there are reasons of urgency, and with subsequent ratification by the full Board of Directors.

AUDIT COMMITTEE

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee will consist of three to five members of the Board of Directors, based on their knowledge and experience in accounting, auditing and risk management matters.

The Audit Committee will be in charge of:

- Informing the General Shareholders meeting on the matters amongst it competence that shareholders may bring up in them.
- Supervising the preparation of annual accounts and management reports, both individual and consolidated, in order to be drawn up by the Board of Directors according to law.
- Informing the Board of Directors, in order to be drawn up according to law, about the accuracy and reliability of the annual accounts and management reports, both individual and consolidated, including any periodic financial data forwarded to the markets.
- Issuing any reports and proposals requested by the Board of Directors or its Chairman, and others deemed pertinent for the adequate performance of its tasks.
- Supervising compliance with all internal codes of conduct and corporate governance rules, particularly the Regulations of the Board of Directors, in the terms provided therein.
- Ensuring that the company and auditor uphold current rules on the provision of non-audit services, limits on the auditor's workload, rules regarding the need for a turnover in the signatory auditor of the auditing report and, in general, all other provisions established to guarantee the auditors' impartiality.
- The Audit Committee will issue a report each year, giving its opinion about the auditors' impartiality. This report, in any case, will refer to the provision of additional services by the auditors to the company or to any other entity directly or indirectly related thereto.

APPOINTMENTS AND REMUNERATION COMMITTEE

It consists of at least three and a maximum of five Directors, appointed by the Board of Directors for a period not exceeding their term as Directors and without prejudice to being re-elected, insofar as they are also Directors. The Board of Directors will designate the members of the Appointments and Remuneration Committee, based on the knowledge, skills and experience of the Directors and the tasks entrusted to the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee will be in charge of:

- Reporting any proposed appointments and re-elections of Executive and Proprietary Directors, making proposals to appoint Independent Directors.
- Reporting any proposed removals of members of the Board of Directors.
- Verifying the nature of each Director, checking that requirements are met to be classified as executive, independent or proprietary.
- Evaluating the competences, knowledge and necessary experience on the Board of Directors, consequently defining the necessary candidate tasks and skills to cover each vacancy, evaluating the necessary time and dedication in order to adequately perform their task.
- Examining or arranging, as deemed adequate, the succession of the Chairman and top executive and, if necessary, making proposals to the Board of Directors in order for this succession to take place in an orderly and well planned manner.
- Annually reporting on performance of tasks by the

Chairman of the Board of Directors and top executive of the Company.
- Reporting any appointments and removals of the Secretary of the Board of Directors and senior executives proposed by the top executive to the Board of Directors.
- Providing information to the Board of Directors about any gender diversity matters, ensuring that when new vacancies arise, selection procedures have no implicit biases that hinder the selection of female directors; ensuring that the company deliberately searches for, and includes amongst potential candidates, women who meet the professional profile sought.
- Preparing and keeping a record of situations involving Directors and senior executives of the company, receiving and safeguarding in this register any personal details provided by Directors, as provided in article 29 of the Regulations of the Board of Directors.
- Receiving any information provided by Directors.
- Proposing to the Board of Directors a remuneration policy for Directors and senior executives.
- Proposing to the Board of Directors the individual remuneration of executive Directors and other contractual conditions.
- Proposing to the Board of Directors the basic conditions of senior executive contracts.
- Ensuring that the remuneration policy established by the company is followed.

C.2.5 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted and the amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.

Rules for Board Committees are included in the Regulations of the Board of Directors, which establish their competences, composition, procedures, etc.; these are available for consultation both on the CNMV website and the www.applus.com corporate website, and may be directly accessed through the following link: http://www.applus.com/es/InvestorRelations/Corporate-governance.

See details in section C.1.18 regarding amendments of articles 7 and 38 of the Regulations of the Board of Directors.

C.2.6 State whether the composition of the executive committee reflects the participation of the different directors within the board based on their category:

Yes [X] No [ ]

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Identify the competent body and describe any procedures for approving related-party and intragroup transactions.

Competent body for approving related-party transactions
The Board of Directors, as per Article 7.2(c) of the Regulations of the Board of Directors.

Procedure for the approval of related-party transactions
Further to article 22.4 of the Regulations of the Board of Directors, "*transactions between the Company and Directors, significant shareholders, and shareholders represented on the Board of Directors, or with persons associated with them, must be authorized by the Board of Directors on the basis of a prior report by the Audit Committee. However, the authorization of the Board of Directors and of the report of the Audit Committee will not be necessary for Related-Party Transactions that meet the following three conditions:* *(a) They are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients;* *(b) They are implemented at prices or rates generally set by the person supplying the good or service in question; and* *(c) The value of these transactions does not exceed 1% of the annual turnover of the Company.* *2. The Board of Directors shall decide on Related-Party Transactions on the basis of a prior report by the Audit Committee. In addition to refraining from exercising or delegating their vote, Directors affected by said transactions must leave the meeting room while the Board of Directors deliberates and votes on them."*

in whether the approval of related-party transactions has been delegated, and if so, state the body or persons to which the delegation has been made.

Article 7.2 of the Regulations of the Board of Directors foresees that the competencies of the Board of Directors set forth paragraphs (b) and (c) of said article, which include related-party transactions, may be adopted in urgent cases by the Supervisory Committee, and subsequently ratified by the full Board of Directors

D.2. Describe those transactions that are significant due to the amount or subject- matter thereof between the company or entities of its group and the company's significant shareholders:

D.3. Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company's directors or officers:

D.4. Report the significant transactions made by the company with other entities belonging to the same group, provided they are not eliminated in the preparation of the consolidated accounts and they are not part of the ordinary course of business of the company as to their purpose and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

D.5. State the amount of transactions with other related parties.

0 (thousands of Euros)

D.6. Describe the mechanisms used to detect, determine, and resolve potential conflicts of interest between the company and/or its group, and its directors, officers, or significant shareholders.

Article 22 of the Regulations of the Board of Directors specifically regulates conflicts of interest:

"1. Directors must abstain from attending and intervening in deliberations in relation to issues in which they have a personal interest, and from voting the corresponding resolutions.

2. A Director will be considered to have a personal interest when the issue affects the Director itself or:

(a) The spouse of the Director or a person related to the Director up to fourth (4th) degree of kinship, inclusive; or

(b) A company in which it has a significant shareholding. A shareholding will be considered significant when the Director, either in its own name, or jointly with persons with whom it has a relationship such as that described in (a) above, holds more than five per cent (5%) of voting or economic rights or in which, while not meeting this requirement, can appoint at least one member of their management body.

3. The Director must provide the Board of Directors with due notice of any situation that could constitute a conflict of interest with the interests of the Company or of other companies from the Applus+ Group.

4. Transactions between the Company and Directors, significant shareholders, and shareholders represented on the Board of Directors, or with persons associated with them, must be authorized by the Board of Directors on the basis of a prior report by the Audit Committee. However, the authorization of the Board of Directors and of the report of the Audit Committee will not be necessary for Related-Party Transactions that meet the following three conditions:

(a) They are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients;

(b) They are implemented at prices or rates generally set by the person supplying the good or service in question; and

(c) The value of these transactions does not exceed 1% of the annual turnover of the Company.

5. The Board of Directors shall decide on Related-Party Transactions on the basis of a prior report by the Audit Committee. In addition to refraining from exercising or delegating their vote, Directors affected by said transactions must leave the meeting room while the Board of Directors deliberates and votes on them.

6. In any event, relevant transactions of any nature between a Director of the Company and of companies within the Applus+ Group must be recorded in the Annual Corporate Governance Report. This requirement also applies to relevant transactions between the Company and its significant shareholders. The notes to the annual accounts must also include transactions conducted by Directors with the Company and companies within the Applus+ Group when said transactions are not related to the ordinary course of business of the Company, or do not take place under normal market conditions."

D.7. Is more than one company of the group listed in Spain?

Yes ☐ No ☒

Identify the subsidiaries listed in Spain: N/A

Listed subsidiary

Identify if each activity areas and eventual business relationships have ben public and accurately, as well as those of the listed subsidiary with the other companies of the group:

Define the business relationships between listed parent Company and listed subsidiary, and between the latter and other companies of the group.

Identify the mechanisms foreseen to resolve potential interest conflicts between the listed subsidiary and other companies of the group:

Mechanisms foreseen to resolve potential interest conflicts

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

The company has a Corporate Risk Map, where critical risks which from a strategic, governance, compliance and financing reporting point of view may affect the achievement of strategic objectives have been identified.

This risk map has incorporated critical factors, based on the group's lines of activity, geographical areas where it operates and business divisions as well as the risks factors considered as critical in connection with the scope of the support functions, such as finance, human resources and legal services.

Critical risks have been identified by prioritizing matters based on the volume of business affected, the possibility of stopping transactions due to risk materialization and potential reputational damage in the event of an incident.

The Board of Directors is assisted by the Audit Committee which periodically reviews the internal control systems and risk management and supervises and informs on the adequacy of the system to evaluate and internally control relevant risks.

E.2 Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management System.

In accordance with article 7.2 (vii) of its Regulations, the Board of Directors of the company is the responsible of defining risk strategy and control policy, as well as periodic monitoring of the internal information and control systems, by optimizing a cost-benefit ratio, in order to:

- Reach medium-term strategic objectives
- Safeguard shareholders value
- Guarantee the group's results and reputation
- Defend the interests of company shareholders and interest groups

The Audit Committee, in accordance with article 39.7 (a) of the Regulations of the Board of Directors, is responsible of periodically reviewing the internal control systems and to manage the risks, so main risks are identified, processed and informed appropriately as well as discussing with auditors the significant weak points of the internal control system outlined during the audit process. To that purpose, the Commission relies on the supervision tasks carried out by the company's Internal Audit Management. Supervision of the risk control systems includes approval of a model and a periodic follow-up, which will depend on criticality and importance.

Risk management is made by the Chief Executive Officer, the heads of the corporate functional areas, and the Executive Vice President of each business division in accordance with their scope of activity, according to acceptable risk levels for the Company.

The Internal Audit Management is in charge of supervising compliance with risk tolerance levels, the effectiveness of control measures associated to critical risks and supervised implementation of the necessary action/response plans, which will be monitored as applicable initially at a corporate level by the affected functions.

E.3 Point out the principal risks that could affect the achievement of business goals.

The risk map of the company contemplates those risks that can have a significant impact on the results of the company and its group, to their best knowledge. The risks referred to in said risk map can be grouped in different types:

1. risks arising from the group's organizational model
2. risks which are inherent to business activities
3. risks related to regulatory compliance in the countries where the group operates (scope: legal, tax and human resources, etc).
4. financial risks

With regards to the first one, the main risk arising from the particular group 's organizational model would be the risk of non-compliance by the responsible of the group's subsidiaries with the Delegation of Authority internal Policy (predefined scope for decision-making)

With regards to the second one, the main business risks group would be:

- Adequate monitoring of businesses entered into by the group based on long-term contracts such as concessions in the business of vehicle inspection in Spain, Europe and America.
- Adequate supervision of formal and quality standards of the service, when provided according to approved qualifications. In this sense, group has defined an insurance strategy, which includes coverage of third-party damages arising as a consequence of the services rendered by the group in all sectors in which it operates.
- Risks related to economic, social and political situation in the geographical areas in which the Company operates and the main macroeconomic indicators that may impact in the future short and medium term in the results of the group, particularly considering its wide geographical implementation.
- Retention of key staff for the group.

In respect of financials, the Company manages and monitors risks that may impact the results of the group.

- Liquidity risk and leverage of the group.
- Risk of overvaluing certain significant assets of the group, such as goodwill, intangible assets generated by inorganic growth and tax assets.
- Exchange rate risk derived from relevant international activity.
- Interest rate risk (which could increase the cost of its debt).

E.4 Identify whether the entity has a risk tolerance level.

Tolerance levels are defined in the risk valuation matrix, constituting the starting point to assess risks qualified as inherent and residual.

Tolerance levels are defined according to the following parameters :

- Sustained quality standards for the group
- Business volume affected and potential impact on business sustainability
- Impact on reputation and business continuity
- Compliance with applicable law
- Probable materialization

For risks considered as critical, given the impact of their potential materialization on the achievement of the group's objectives, specific tolerance levels are defined indicating action guidelines, achievement timeframe, managers, follow-up indicators; furthermore, the frequency and content are defined of the information provided to the governing bodies for supervision and decision-making.

E.5 State what risks have materialize during the financial year.

The risks which have materialized during year 2014 and resulted in a significant impact on the group's results are:

- As a result of completing in 2014 certain contracts in the oil & gas sector, along with a slow-down in certain client investments and a fall in the Brent barrel price, income and profit growth in divisions focusing on the oil & gas sector (RTD and Velosi) has been affected.
- In the year 2014, the accreditation in Spain for environment, quality and management systems certification has been temporarily suspended. Suspension does not allow issuance of new certificates, meaning certificates to new clients or existing clients who need to renew their certificates (duration is of three years). Consequently, the monitoring activities have continued and the impact in the turnover of the group has not been significant. It is foreseen that said accreditation will be recovered during the first four month period of the year 2015.

Events occurred in 2014 related to risks covered by the group which have not had a significant impact on the group's results are:

- The group was considering the risk involved in the succession of the Executive Vice President of the Velosi Division, who had announced plans for retirement. Ramón Fernández Armas, Executive Vice President of Norcontrol, also became the senior manager of Velosi's business. Mr. Fernández, with more than 20 years in the group, will guarantee this succession.
- Given the economic scenario in Spain, the group, as in previous years, has continued to implement action plans aimed at cost optimization. However, the weight of group's business in Spain is currently no longer as relevant as in the past, as it does not represent more than 16% of the group's total turnover figure.
- The Company performed impairment tests for all cash generating units in relation to goodwill and intangibles

assets concluding that the record of additional impairment was not necessary in 2014.

The group has not been immersed in further litigation that could have a significant impact on its results and still open litigations have not led to events which could have forced to modify previous fiscal years' accounting estimates.

E.6 Describe the plans for responding to and supervising the entity's main risks.

The group has an updated risk map that foresees relevant risks from a strategic, governance, compliance and financial reporting point of view that may affect the achievement of strategic objectives, including the risk of fraud.

To this end, the Applus group has implemented mitigating measures to said risks, in order to try to minimize its potential impact. Furthermore, for all other risks not yet covered an action plan has been designed, assigning managers of each initiative and an execution timetable, in order to start up the necessary measures to reduce any potential impact should they materialize.

These measures are generally executed by the group's Management. The Audit Committee and company's Board of Directors, eventually, are the bodies in charge of supervising and approving the measures conducted.

In addition, the Company has defined an appropriate insurance strategy, which includes coverage of third-party damages arising as a consequence of the services rendered by the Company and its subsidiaries in sectors in which they operate.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control system over financial reporting (ICFR); (ii) the implementation thereof; and (iii) oversight thereof.

The Internal Control System over Financial Reporting ("**ICFR**") of the company and its group is part of its general internal control system and is configured as the set of processes that the Board of Directors, Audit Committee, Management and group staff carry out to provide reasonable security as regards the reliability of financial information published by the markets.

The company has implemented an internal control and risk management tool (GRC Applus+) to enable the continuous monitoring and supervision of the action plans and incidents identified when drawing up and reviewing this financial information.

Supervision of the ICFR is within the functions of the Audit Committee and is carried out through supervision actions conducted by the Corporate Internal Audit Management. Since 2011, an Internal Control Model over financial reporting is being developed in order to guarantee its reliability.

The Corporate Financial Management of the company carries out the following tasks in relation to Internal Control over financial reporting:

- To review and approve accounting Policies and Manuals incorporated into the group's Financial Management intranet.
- To establish and provide information on the necessary procedures to ensure an adequate internal control of financial reporting.
- To establish and maintain internal controls over financial reporting, in order to guarantee its reliability and ensure that all reports, facts, transactions or other relevant items are communicated in due time and form.

The internal control model for financial information of the group has three separate areas of control: (i) self-evaluation of the persons in charge of critical processes and control measures, (ii) review of the financial evaluation process by the Financial Managements in each division and by the Corporate Financial Management in the consolidation process, and (iii) evaluation of the efficiency and effectiveness of risk control and identification measures by the Corporate Internal Audit Management.

F.1.2. Whether any of the following are in place, particularly as regards the financial information preparation process:

• Departments and/or mechanisms in charge of: (i) the design and revision of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity.

Initially the Company's Chief Executive Officer and the Corporate Financial Management are in charge of designing and reviewing the organisational structure for the presentation of financial information; the Management will be responsible for changing such information if deemed appropriate.

Likewise, the lines of authority and responsibility of its relevant processes have been defined by formalizing a Standard Model for Authority and Responsibility Delegation, which includes all of the group's critical decisions that may eventually affect the drafting and review of financial information. Furthermore, the Corporate Financial Management has a functional flowchart of the Financial Management to cover all of the group's business divisions.

As regards the process to prepare financial information, instructions are issued by the Corporate Financial Management, establishing specific guidelines and responsibilities for each financial closing, as well as closing procedures reflected in the Internal IFRS Manual, covering a description and accounting plan of the company's financial reporting system.

• Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties.

The company has a Code of Ethics and an Anti-Corruption Policy, approved by the Board of Directors, which specifically refers to the registration of operations and drawing up of financial information, as well as compliance with the law and accounting policies of the group, inter alia. Both have been signed by the Management, intermediate managers and practically all of the group's employees.

Furthermore, the Code of Ethics includes a commitment to strictly comply with the obligation to provide reliable financial information, prepared according to applicable regulations, as well as the responsibility binding employees and officers, to ensure that this is so, both by adequately executing their tasks and by informing the governing bodies of any circumstance that may affect this commitment.

All employees are aware of the Code of Ethics trough periodical training sessions.

On 2012 the Group Ethics Committee (GEC) was created, which meets every quarter and, amongst other matters, manages and processes any reports received through the whistleblowing channel, including any other incident related to ethical matters. It is the body in charge of analysing infringements of the mentioned regulations and proposing where applicable corrective actions and disciplinary sanctions. Furthermore, in 2014 a Chief Compliance Officer has been appointed, effective 1st January 2015, to reinforce the correct implementation of the Code of Ethics within the group and the commitments of the GEC.

• Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the Audit Committee, as well as any possible breach of the code of conduct and irregular activities at the organisation, specifying, if appropriate, whether it is confidential.

The company has established a an internal whistleblowing channel which allows employees or third parties to report any facts that may be contrary to integrity and professional ethics, covered by the principles of the Code of Ethics.

All communications are received, analysed and followed through by the Group Ethics Committee (GEC) and by the Chief Compliance Officer. All reports and their processing are handled on a confidential basis. There is a unique whistleblowing channel for the entire group and is available on the corporate Intranet.

• Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the internal control system over financial reporting, covering at least accounting standards, auditing, internal control and risk management.

In order to periodically recycle and train the staff involved in the preparation and review of financial information, continuous correspondence is held with external auditors and other independent professionals (advisors) on relevant matters in corporate terms (basically accounting regulations and the preparation of financial information, as well as tax laws).

Any training needs detected and provided at a corporate level are extended to all other Chief Financial Officers in the group's subsidiaries, through the Finance Community Meeting held each year, where training is a key point of the agenda; individual meetings are also held with local financial representatives if deemed appropriate.

F.2 Risk assessment of financial information indicates at least the following:

F.2.1. What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

• Whether the process exists and is documented.

The group has developed risk matrixes and control measures for relevant business processes (sales, purchases, fixed assets, treasury, human resources and payrolls, etc.), specifically for each subsidiary, which are relevant for the consolidated statements of the group. In particular, this has been carried out for subsidiaries which, in aggregate, represent more than 80% of the sales of the group.

• Whether the process covers all the objectives of financial information (existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated and how often.

The methodology used to select the risks to be taken into account is COSO (Committee of Sponsoring Organizations for the Treadway Commission).

The criteria used to locate the most relevant processes are quantitative (materiality) and qualitative (business risk and visibility amongst third parties), based on the most relevant accounting items and notes included in the Annual Report. All identified risks are prioritized in the professional's opinion, following a series of variables (level of process automation, whether the process is known and/or whether it is necessary to use judgments and estimates). The risk of fraud is indirectly identified insofar as material errors may arise in the financial information.

Once the most relevant risks are selected, the necessary control measures are selected and designed for their mitigation of management, and the necessary action plans are established to improve control surroundings; critical control measures are systematically supervised and reviewed by the Corporate Internal Audit Department.

Any risks classified as relevant are reviewed at least once a year, further to the certification/evaluation of effective internal control carried out by the persons in charge. This review intends to adjust the risks to changing circumstances in which the group is operating, particularly if there are changes in the organisation, computer systems, regulations, products or the market situation.

• The existence of a process for the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities or special purpose entities.

Furthermore, at the last corporate instance, the possibility is contemplated of errors in certain processes not connected to specific types of transactions with impact on a subsidiary, which may be relevant when preparing financial information, such as the closing process in each subsidiary and, particularly, in consolidated statements. In the consolidation process, the group has considered all inherent risks, ensuring that the process is adequately configured and executed, as well as an adequate definition of the consolidation perimeter.

• Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.

The process to locate possible errors in financial information takes into account the effects of other risk typologies, which are evaluated and managed by various corporate units. Nevertheless, in order to identify financial information risks these other typologies are not expressly identified.

• What corporate governance body of the entity supervises the process.

The Management Body that supervises the ICFR is the Audit Committee, which is supported by the Internal Audit Management when executing its tasks.

The group has implemented the Applus GRC tool for internal control management at various levels. The following advantages are provided by this tool in SCIIF matters:

- Availability, in centralized form, of all ICFR documentation and management for the group, in a homogenous manner.
- Internal Control system over financial reporting is integrated into business and corporate processes, enabling each organizational unit in charge to periodically evaluate its control, to provide the necessary evidence and to annually execute the ICFR internal certification process.
- Automatic workflows are used to manage control activities and to execute action plans.
- It constitutes a back-up tool for the ICFR supervision and testing process carried out by the Internal Audit Department.
- It allows the necessary information for ICFR reporting to be obtained and supported.

F.3 Control activities

Indicate whether at least the following are in place and describe their main features:

F.3.1 Procedures for review and authorisation of financial information, and description of the internal financial information control system to be published in the securities market, indicating the persons or divisions responsible therefor, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, assessments, and projections.

At first instance, responsibility for preparing monthly, quarterly, six-monthly and annual financial information is entrusted to the Chief Financial Officer in each Applus group subsidiary.

The persons in charge of reviewing and authorising the financial information are the Financial Management in each Division and the Corporate Consolidation Management.

The Audit Committee, with support from the Internal Audit Management, supervises the ICFR internal control model and forwards to the Board of Directors the conclusions obtained in this process.

ICFR documentation and evidence of execution and supervision, as well as significant facts and action plans, are managed through an internal control and risk management tool of the Applus group (Applus GRC). As indicated in F.2.1 above, in each subsidiary the activity and control directly related to transactions that may have a material effect on the financial statements are provided with a description of implemented control measures. Control matrixes by process document the foregoing, and information is provided on the control activity, the risk covered, the person in charge of execution and the frequency of control. These matrixes are managed through a corporate tool (Applus GRC) which enables an annual certification that the control matrix is still being updated, as well as a periodic evaluation by the persons in charge of executing the control measures on their execution and effectiveness.

In each subsidiary, the following information is available for critical processes in relation to each control activity:

- Description of the process and sub-process
- Description of financial information risks associated to various processes, sub-processes and control objectives
- Definition of control activities designed to mitigate the risks identified
- Description of the process managers, risks and control activities
- Classification of control activities already implemented or outstanding (action plans)
- Level of automation of control activities (manual or automatic)
- Classification of control activities distinguishing between preventive or detective.
- Definition of control execution frequency
- Definition of evaluation frequency by the Internal Audit Department
- Definition of the evidence required

Each one of the closing processes carried out in the various divisions is treated as a single process. The same applies to all the closing activities conducted within the corporation, in relation to the consolidation process and drafting of annual accounts.

A specific review of any judgments, estimates, valuations, provisions and projections that are relevant to quantify certain assets, liabilities revenues and expenses itemized in the annual accounts involves the continuous supervision of the Corporate Financial Management of the Applus group.

The control measures used to mitigate or manage possible risks in financial information include some related to the most relevant computer applications, such as control over user access permits or the integrity of information when it is transferred from one application to another.

F.3.2 **Policies and procedures of internal control of information systems (including, among others, security of access, control of changes, operation thereof, operational continuity and segregation of duties) that provide support for the significant processes of the entity in connection with the preparation and publication of financial information.**

The group uses SAP BPC as a common consolidation and reporting system. This software is being used by all group subsidiaries, irrespective of the degree to which each subsidiary uses SAP R3 as a financial system, or uses another system.

When identifying the risk of material errors in financial information two control levels apply: (i) in each subsidiary, as part of the ICFR, control measures are used to ensure that all information reported through SAP BPC is consistent with local information systems, if different from SAP; (ii) in corporate terms, there are automatic and manual measures to control the main application in order to generate financial information in SAP BPC, guaranteeing that the consolidation process is correct.

In addition, as regards the security of information, the Corporate Systems Management has established policies to operate information and data security systems (including availability parameters due to their impact on business continuity and data integrity), containing minimum requirements to be met by any Applus group system.

The following security policies have been established by the group: i) Classification of information; ii) Management of system access; iii) Prevention of Data Leaks; iv) Identification and maintenance of critical applications; v) Back-Up Copies; vi) Restrictions on Internet and e-mail use; vii) Data encryption; viii) Agreements with third parties; ix) Protection of equipment; x) Legal compliance; xi) Notification of incidents; and xii) Infrastructure licences and use.

These policies have enabled Applus to implement a Data Security Policy.

In operating continuity terms, the group has improved the already high level of availability of its central data systems, held in a Main Datacenter in Madrid, with a Disaster Recovery (DR) solution. This DR is hosted in a Secondary Datacenter in Barcelona, which is connected through a high-speed line to the Main Datacenter. Thanks to a constant replica of data, the DR may provide, in a matter of hours, the most critical applications for the business, in the unlikely case of an event of force majeure (fire, flood, earthquake, etc.) that renders the Main Datacenter inoperative.

Additionally, a series of key supplementary control measures are defined and executed by members of the consolidation team, in order to strengthen the trust in the data systems used to generate financial information.

The group has a plan to improve and monitor information systems as regards the segregation of functions, as well as to incorporate in the Audit Plan the supervision of these internal control systems as regards the segregation of functions in financial information systems.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the accounts.

In the group, third party activities that may be relevant to the information generation process basically reside in the business conducted in Spain. The group has outsourced its administration and back-office tasks for its Spanish subsidiaries (except for the IDIADA division subsidiaries). In order to supervise outsourced activities, it has appointed a manager in the Corporate Financial Management. In this contractual relationship service level agreements (SLA's) are defined to evaluate service quality and integrity. Furthermore, the corporate accounting department in charge of Spain has been assigned monthly tasks to review the financial statements of any subsidiaries operating in Spain.

In the rest of the group, outsourced activities are sporadic or highly centralized in very specific processes or sub-processes, such as payroll preparation. These factors are considered a risk in the ICFR model for these companies, for which there is efficient and effective associated control.

Whenever necessary, the group hires reports from independent experts in order to obtain greater trust in matters that may have a significant effect on the financial statements, such as Purchase Price Allocation reports related to wide-ranging acquisitions, the valuation of financial instruments and advice in impairment tests conducted on goodwill and intangible assets, which the group has entered as assets. In all these cases, when hiring these services, the group determines as part of the selection criteria the absence of any doubt as to the supplier's competence, qualifications, reputation and independence.

F.4 Information and communication

Indicate whether at least the following are in place and describe their main features:

F.4.1 A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organisation, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

The Corporate Financial Management is in charge of defining, updating and disseminating accounting policies in order to draw up financial information under IFRS-EU, and resolve any interpretation doubts or conflicts. It keeps a communication flow with the managers of operations and financial representatives in its various divisions and subsidiaries.

The accounting Manual is updated each year and is published on the Financial Management intranet, accessible by all the staff involved in the drafting and review of financial information. Furthermore, at meetings held with corporate Chief Financial Officers, division and subsidiary managers, training sessions are provided on the interpretation and application of any novelties. Finally, the Corporate Financial Management, through the consolidation department, is entrusted with handling any doubts the subsidiaries may have when applying their account reporting rules, IFRS-EU.

In addition, the group's external auditor, both of consolidated statements and of the most representative subsidiaries of the consolidated statements, will request that the financial information reported by these subsidiaries be reviewed further to the principles gathered in the group's Accounting Manual, i.e. IFRS-EU, both in the 12-month audit and the limited six-monthly review.

F.4.2. Mechanisms to capture and prepare financial information with standardised formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control system over financial reporting.

The capture and preparation of information backing up the main financial statements of the Applus group uses the SAP-BPC consolidation tool, which is integrated into transactional systems of each subsidiary through automatic and occasionally manual systems for capture and validation. There is a single monthly reporting, based on a homogenous accounting plan for all companies. In addition, monthly reporting incorporates other information necessary for the management of the Applus group, also necessary to draw up notes on the consolidated Financial Statements issued at the closing of the financial year and at the end of the first six months. Consequently, the monthly reporting of all subsidiaries in SAP-BPC already automatically controls the validation of financial statements reported and any additional details requested.

The ICFR internal control system, as already indicated, incorporates an evaluation of control activities both in the closing process designed for each subsidiary, and control activities related to the closing process conducted by the Consolidation Department of the group.

F.5 Supervision of the operation of the system

Indicate and describe the main features of at least the following:

F.5.1. The activities of supervision of the internal control system over financial reporting performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control system over financial reporting. Information is also to be provided concerning the scope of the assessment of the internal control system over financial reporting performed during the financial year and on the procedure whereby the person or division charged with performing the assessment reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on financial information has been considered.

The Audit Committee has approved the ICFR design criteria for the group. At least once a quarter it supervises the outcome of all ICFR reviews conducted by the Internal Audit Department and, each year, by the external auditor. Ultimately, it reviews ICFR information gathered by the group in the Annual Corporate Governance Report.

In the Applus group, the Audit Committee uses the Internet Audit function to supervise adequate operation of the internal control system, including the ICFR, and ensures its independence.

The Internal Audit Management permanently supervises the action plans agreed with various subsidiaries to remedy any defects detected and to jointly agree on suggestions for improvement. All reviews, including on-site audits, enable the Internal Audit function to evaluate the internal control system- both in terms of design and operation- and to issue an opinion on the effectiveness of internal control measures in order to guarantee the reliability of financial information; this is forwarded to the Audit Committee further to the meetings that are periodically held.

The Internal Audit Management periodically informs the Financial Management and Audit Committee of any significant weaknesses in internal control discovered during ICFR reviews and in internal audits of processes carried out over the year, as well as the level of implementation of action plans and any mitigation measures established.

Any future weaknesses in internal control identified in internal audit reviews are catalogued according to criticality as high, medium or low, based on the effect they may have if an error materializes in the financial statements. These weaknesses are managed through the Applus GRC application, for which a manager and timeframe are established in order to implement an action plan, as well as follow-up plans by the Internal Audit Department.

F.5.2. Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether it has an action plan to seek to correct or mitigate the weaknesses found.

The Audit Committee meets at least one a quarter and, in order to fulfil its responsibilities, it convenes at least the following persons:

- Group's Chief Financial Officer: the senior manager in charge of drafting financial information to explain the performance of the main financial magnitudes occurring in the period in question, transactions and most relevant impact in the period and communication of the main estimates made.

- Internal Audit Department, in charge of supervising the internal control model, including the ICFR, provides information on the state of any future weaknesses located as well as the outcome of any reviews conducted according to the planning approved by the Audit Committee for the ongoing year.

- External Auditors, in order to understand and share auditing planning or a review, to be carried out in the ongoing year, over consolidated and six-monthly annual accounts. If control weaknesses are identified and not considered by the Internal Audit Department these will also be communicated, as well as any other matter deemed appropriate for the Audit Committee.

In turn, the group, both from the Corporate Finance Department and the Audit Committee, represented by the Internal Audit Department, encourages full collaboration and coordination with the external accounts auditors. Consequently, the external accounts auditor of the group may directly access the Management, holding periodic meetings both to obtain the necessary information to carry out its task and to communicate any control weaknesses identified further to its auditing work.

F.6 Other significant information

There is no other significant information regarding the Internal Control System applicable to the Company's financial information.

F.7 External audit report

Report on:

F.7.1 Whether the information on the internal control system over financial reporting has been reviewed by the external auditor, in which case the entity should include the respective report as an exhibit. Otherwise, it should provide the reasons therefor.

Furthermore, the group has presented the ICFR information included in this 2014 Corporate Governance Report to the external auditor, for its review. To this end, the scope of the auditor's review procedures has followed Circular E14/2013, of 19 July 2013, issued by the Spanish Institute of Chartered Accountants, which publishes the Action Guide and standard auditor's report, regarding information on the internal control system over financial reporting (ICFR) used by listed companies in Spain.

Attached as an annex is a copy of the external auditor's report.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

State the company's degree of compliance with the recommendations of the Unified Code on corporate governance.

If the company does not comply with a recommendation or does it partially, a detailed explanation of the reasons should be given so that shareholders, investors and the market in general have sufficient information to assess the company's course of action. Generalised explanations will not be acceptable.

1. **The by-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.**

   See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

   Complies x Explain

2. **When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:**

   a) **Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;**

   b) **The mechanisms in place to resolve any conflicts of interest that may arise.**

   Complies Complies in part Explain Not applicable x

3. **Even if not expressly required under applicable commercial laws, transactions involving a structural change of the company and, in particular, the following, are submitted for general shareholders' meeting approval:**

   a) **The transformation of listed companies into holding companies through "subsidiarisation", i.e. reallocating to controlled entities core activities that were previously carried out by the company itself, even if the latter retains full ownership of the former;**

   b) **The acquisition or disposal of key operating assets, when it involves an actual change in the object of the company;**

   c) **Transactions whose effect is tantamount to the liquidation of the company.**

   See section: B.6

   Complies x Complies in part Explain

4. **Detailed proposals of the resolutions to be adopted at the general shareholders' meeting, including the information to which recommendation 27 refers, are made public at the time of publication of the announcement of the call to the general shareholders' meeting.**

   Complies x Explain

5. **Matters that are substantially independent are voted on separately at the general shareholders' meeting, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:**

a) To the appointment or ratification of directors, which shall be voted on individually;

b) In the event of amendments of the By-Laws, to each article or group of articles that are substantially independent of one another.

Complies x Explain

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for the account of different clients can divide their votes in accordance with the instructions given by such clients.

Complies x Explain

7. The board performs its duties with a unity of purpose and independent judgement, affording equal treatment to all shareholders in furtherance of the corporate interest, which shall be understood to mean the optimisation, in a sustained fashion, of the financial value of the company.

It likewise ensures that in its dealings with groups of interest (stakeholders), the company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it carries on its business, and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies x Complies in part Explain

8. The board assumes responsibility, as its core mission, for approving the company's strategy and the organisation required to put it into practice, and to ensure that Management meets the objectives set while pursuing the company's interest and the object of the company. As such, the full Board reserves for itself the right to approve:

a) **The company's policies and general lines of strategy, and in particular:**

(i) Strategic or business plan, as well as management objectives and annual budgets;

(ii) Investment and financing policy;

(iii) Definition of the structure of the group of companies;

(iv) Corporate governance policy;

(v) Corporate social responsibility policy;

(vi) Policy regarding remuneration and evaluation of performance of senior management;

(vii) Risk control and management policy, as well as the periodic monitoring of the internal information and control systems.

(viii) Dividend policy, as well the treasury share policy and, especially, the limits thereto.

See sections: C.1.14, C.1.16 and E.2

b) **The following decisions:**

i. At the proposal of the company's top manager, the appointment and, if applicable, the removal of senior officers, as well as their severance provisions.

ii. The remuneration of directors and, in the case of executive directors, the additional remuneration for their executive duties and other terms and conditions that must be included in their contracts.

iii. **The financial information that the company must periodically make public due to its status as listed company.**

iv. **Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the general shareholders' meeting.**

v. **The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.**

c) **Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").**

However, board authorisations need not be required in connection with related- party transactions that simultaneously meet the following three conditions:

1°. **They are governed by standard-form agreements applied on an across-the- board basis to a large number of clients;**

2°. **They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;**

3°. **The amount thereof is no more than 1% of the company's annual revenues.**

It is recommended that related-party transactions only be approved by the board upon a prior favourable report of the audit committee or such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the executive committee subject to subsequent ratification by the full board.

See sections: D.1 and D.6

Complies x Complies in part Explain

9. **In order to operate effectively and in a participatory manner, the board ideally is comprised of no fewer than five and no more than fifteen members.**

See section: C.1.2

Complies x Explain

10. **External directors, proprietary and independent, occupy an ample majority of the board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the company's share capital.**

See sections: A.3 and C.1.3

Complies x Complies in part Explain

11. **Among external directors, the relation between the number of proprietary**

directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1°. In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.
2°. In companies with a plurality of unrelated shareholders represented on the board.

See sections: A.2, A.3 and C.1.3

Complies Explain x

NOTE: To the extent the Board of Directors is a small operating model (9 members), it is impossible in practice for the number of Proprietary and Independent Directors to reflect the proportion existing in the Company's share capital. However, the proportion of Independent Directors (44.44%) exceeds Recommendation 12 of the Unified Code for Corporate Governance, which recommends that independent directors represent a third.

12. The number of independent directors represents at least one-third of the total number of directors.

See section: C.1.3

Complies x Explain

13. The status of each director is explained by the board at the general shareholders' meeting at which the shareholders are to make or ratify their appointment and such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the appointments committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Complies x Complies in part Explain

14. When the number of female director is scant or nil, the appointments committee takes steps to ensure that when new vacancies are filled:

a) Selection procedures do not have an implied bias that hinders the selection of female directors;

b) The company deliberately looks for women with the target professional profile and includes them among the potential candidates.

See sections: C.1.5, C.1.6, C.2.2. and C.2.4

Complies X Complies in part Explain

15. The Chairman, as the person responsible for the effective operation of the board, ensures that directors receive adequate information in advance of board meetings; promotes debate and the active involvement of directors during board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairs of the appropriate committees, organises and coordinates regular evaluations of the Board and, where appropriate, the chief executive officer or top manager.

See sections: C.1.19 and C.1.41

Complies x   Complies in part   Explain

16. When the Chairman of the Board is also the chief executive or top manager of the company, one of the independent directors is authorised to request the call to a board meeting or the inclusion of new business on the agenda; to coordinate and hear the concerns of external directors; and to lead the board's evaluation of the chair.

See section: C.1.22

Complies   Complies in part   Explain   Not applicable x

17. The Secretary of the Board takes particular care to ensure that the board's actions:

a) Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;

b) Comply with the company's By-Laws and the Regulations for the general shareholders' meeting, the Regulations of the board and other regulations of the company;

c) Are informed by those corporate governance recommendations included in this Unified Code as the company has subscribed to.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, the appointment and removal thereof are reported by the appointments committee and approved by the full board; and that such appointment and removal procedures are set forth in the regulations of the board.

See section: C.1.34

Complies x   Complies in part   Explain

18. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the financial year, and each director is entitled to propose items of the agenda that were not originally included therein.

See section: C.1.29

Complies x   Complies in part   Explain

19. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Complies x   Complies in part   Explain

20. When Directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

Complies   x   Complies in part   Explains   Not applicable

21. The full Board evaluates the following on a yearly basis:

a) **The quality and efficiency of the Board's operation;**

b) **On the basis of a report submitted to it by the appointments committee, the performance of the Chairman of the Board and the top manager duties;**

c) **The performance of its committees, on the basis of the reports furnished by them.**

See sections: C.1.19 and C.1.20

Complies x Complies in part Explain

22. All Directors are able to exercise the right to request any additional information they require on matters within the board's purview. Unless the By-laws or the regulations of the board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.

See section: C.1.41

Complies x Explain

23. All Directors are entitled to ask the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.

See section: C.1.40

Complies x Explain

24. Companies organise induction programmes for new directors to rapidly and adequately acquaint them with the company and its corporate governance rules. Directors are also offered refresher training programmes when circumstances so advise.

Complies x Complies in part Explain

25. Companies require that Directors devote sufficient time and effort to perform their duties efficiently, and, as such:

a) Directors apprise the appointments committee of their other professional duties, in case they might detract from the necessary dedication;

b) Companies lay down rules about the number of boards on which their directors may sit.

See sections: C.1.12, C.1.13 and C.1.17

Complies Complies in part X Explain

NOTE: The Company has no rules about the number of boards of directors to which its directors belong; this information is not deemed relevant to appraise their dedication. In any case, the Appointments and Remuneration Committee off the Company is entrusted with ensuring that directors are suitable, qualified and available to adequately fulfil their duties.

26. The proposal for the appointment or re-election of directors that the board submits to the shareholders at the general shareholders' meeting, as well as the interim appointment of directors to fill vacancies, are approved by the board:

a) At the proposal of the appointments committee, in the case of independent directors.

b) Subject to a prior report from the appointments committee, in the case of other directors.

See section: C.1.3

Complies x Complies in part Explain

27. **Companies post the following information regarding its Directors on their websites, and keep such information updated:**

    a) **Professional and biographical profile;**

    b) **Other boards of directors of listed or unlisted companies on which they sit;**

    c) **Other boards of director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related.**

    d) **Date of their first and subsequent appointments as a company director; and**

    e) **Shares held in the company and options thereon held by them.**

Complies x Complies in part Explain

28. **Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest and also, an appropriate number of them, when such shareholder reduces its interest to a level that requires a reduction in the number of its proprietary directors.**

See section: C.1.3

Complies x Complies in part Explain

29. **The Board of Directors does not propose the removal of any independent director prior to the expiration of the term set by the by-laws for which such director was appointed, except where good cause is found by the Board upon a prior report of the Appointments Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in the position held thereby or comes under any of the circumstances causing the director to no longer be independent pursuant to the provisions of Order ECC/461/2013.**

    The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate transactions that entail a change in the equity structure of the company, when such changes in the structure of the board follow from the proportionality standard mentioned in Recommendation 11.

    See section: C.1.2, C.1.9, C.1.19 and C.1.27

Complies Explain x

NOTE: Directors were removed during the 2014 financial year, in the context of listing its shares on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia, in order to reduce the number of Directors and render the Board of Directors more operative, as well as to include a new Chairman on the Board, acting as Independent Director.

30. **Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.**

    If a director is indicted or tried for any of the crimes described in section 213 of the Companies Act, the board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the board provides a substantiated account thereof in the Annual Corporate Governance Report.

    See sections: C.1.42 and C.1.43

Complies x Complies in part Explain

31. All directors clearly express their opposition when they feel that any proposed resolution submitted to the board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

When the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusions and, if such director chooses to resign, sets out the reasons in the letter referred to in the next recommendation.

This Recommendation also applies to the Secretary of the Board, even if the Secretary is not a director.

Complies x Complies in part Explain Not applicable

32. Directors who give up their position before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the board. Without prejudice to such withdrawal being communicated as a significant event, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See section: C.1.9

NOTE: The letters of resignation provided by Directors who were removed during 2014 are a consequence of a prior agreement with the Company, which is why this recommendation is not applicable. However, in the future it is expected that any Directors giving up their post will explain the relevant reasons in their respective letters of resignation.

Complies Complies in part Explain Not applicable x

33. Remuneration paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable remuneration linked to the company's performance or pension schemes in confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subjected to the condition that the directors hold the shares until they cease to hold office as directors.

Complies Explain x

NOTE: As part of the remuneration package assigned to the Chairman of the company's Board of Directors, who acts as an Independent External Director, on 7 May 2014 the General Shareholders Meeting agreed, on an exceptional and non-recurring basis, to grant RSUs for an amount of 100,000 euros.

34. The remuneration of external directors is such as is necessary to compensate them for the dedication, qualifications, and responsibility required by their position, but is not so high as to compromise their independence.

Complies x Explain

35. The remuneration linked to company earnings takes into account any qualifications included in the external audit report that reduce such earnings.

Complies x Explain Not applicable

36. In the case of variable remuneration, remuneration policies include technical limits and safeguards required to ensure that such remuneration reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does

business or circumstances of this kind.

Complies x Explain Not applicable

37. **When there is an executive committee (hereinafter, "Executive Committee"), the breakdown of its members by director category is similar to that of the board, and its secretary is the secretary of the board.**

See sections: C.2.1 and C.2.6

Complies Complies in part x Explain Not applicable

NOTE: Article 38 of the Regulations of the Company's Board of Directors allows the possibility of the Board Secretary not necessarily belonging to the Executive Committee.

38. **The board is always kept informed of the matters dealt with and the resolutions adopted by the executive committee, and all members of the Board receive a copy of the minutes of the meetings of the executive committee.**

Complies x Explain Not applicable

39. **In addition to the audit committee mandatory under the Securities Market Act, the board of directors forms a single appointments and remuneration committee as a separate committee of the board, or an appointments committee and a remuneration committee.**

The rules governing the make-up and operation of the audit committee and the appointments and remuneration committee or committees are set forth in the regulations of the board, and include the following:

a) **The board appoints the members of such committees, taking into account the background knowledge, qualifications, and experience of the directors and the responsibilities of each committee, discusses its proposals and reports, and receives a report, at the first meeting of the full board following the meetings of such committees, on their activities and the work done.**

b) **These committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior officers, when expressly resolved by the members of the committee.**

c) **Committee chairs are independent directors.**

d) **They may receive external advice, whenever they feel this is necessary for the discharge of their duties.**

e) **Minutes are prepared of their meetings, and a copy is sent to all board members.**

See sections: C.2.1 and C.2.4

Complies x Complies in part Explain

40. **Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the audit committee, the appointments committee or, if they exist separately, to the compliance or corporate governance committee.**

See sections: C.2.3 and C.2.4

Complies x Explain

41. **The members of the audit committee and, particularly, the chair thereof, are appointed taking into account their background knowledge and experience in accounting, auditing, and risk management matters.**

Complies x Explain

42. Listed companies have an internal audit function which, under the supervision of the audit committee, ensures the smooth operation of the information and internal control systems.

See section: C.2.3

Complies x Explain

43. The head of internal audit presents an annual work plan to the audit committee; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each financial year.

Complies x Complies in part Explain

44. The risk control and management policy specifies at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks;
b) The determination of the risk level the company sees as acceptable;
c) The measures planned in order to mitigate the impact of identified risks in the event that they materialise;
d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section E

Complies x Complies in part Explain

45. The audit committee's role is to:

1° With respect to the internal control and reporting systems:

a) Properly manage and disclose the main risks, if any, identified as a result of supervising the effectiveness of the internal control of the company and internal auditing.

b) Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election, and withdrawal of the head of the internal audit area; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.

c) Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the company.

2° With respect to the external auditor:

a) Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.

b) Ensure the independence of the external auditor, to which end:

i. The company reports a change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the

same.

ii. **In the event of resignation of the external auditor, the committee investigates the circumstances that may have given rise thereto.**

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies x Complies in part Explain

46. **The audit committee may cause any company employee or officer to appear before it, and even order their appearance without the presence of any other officer.**

Complies x Explain

47. **The audit committee reports to the board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:**

a) **The financial information that the company must periodically make public due to its status as listed company. The committee should ensure that interim accounts are prepared under the same accounting standards as the annual accounts and, to this end, consider whether a limited review by the external auditor is appropriate.**

b) **The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.**

c) **Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.**

See sections: C.2.3 and C.2.4

Complies x Complies in part Explain

48. **The board of directors seeks to present the accounts to the shareholders at the general shareholders' meeting without reservations or qualifications in the audit report and, in the exceptional instances where they do exist, both the chair of the audit committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.**

See section: C.1.38

Complies x Complies in part Explain

49. **The majority of the members of the appointments committee -or of the appointments and remuneration committee, if one and the same- are independent directors.**

See section: C.2.1

Complies x Explain Not applicable

50. **The appointments committee has the following duties, in addition to those stated in the preceding recommendations:**

a) **To assess the qualifications, background knowledge and experience necessary to sit on the Board, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**

b) **To examine or organise, in the manner it deems appropriate, the succession of the chair and the chief executive and, if appropriate, make**

proposals to the board for such succession to take place in an orderly and well-planned manner.

c) To report on senior officer appointments and removals that the chief executive proposes to the board.

d) To report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Complies x Complies in part Explain Not applicable

51. The appointments committee consults with the company's president and the chief executive, especially on matters relating to executive directors.

And that any board member may request that the appointments committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

Complies x Complies in part Explain Not applicable

52. The remuneration committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) **To propose to the board of directors:**

i. The remuneration policy for directors and senior officers;

ii. The individual remuneration of executive directors and other terms of their contracts.

iii. The basic terms and conditions of the contracts with senior officers.

b) **To ensure compliance with the remuneration policy set by the company.**

See section: C.2.4

Complies x Complies in part Explain Not applicable

53. The remuneration committee consults with the Chairman and the top manager of the company, especially on matters relating to executive directors and senior officers.

Complies x Not comply

H. OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance at the company or at entities of the group that is not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other

international, industrial or other codes of ethical principles or good practices. If so, identify the code in question and the date of adherence thereto.

N/A

This annual corporate governance report was approved by the Board of Directors of the company at its meeting 24/02/2015.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes [ ] No [X]

APPENDIX I

Name	Applus Servicios Tecnológicos, S.L.U*	Azul Holding 2, Sarl.	Applus Iteuve Argentina, S.A. *	Applus Technologies, Inc. *	Janx Holding, Inc	Libertytown USA 1, Inc.	Libertytown USA Finco, Inc.
Registered office	Campus de la UAB, Ronda de la Font del Carme s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	7, rue Robert Stümper I L-2557-Luxembourg (Grand Duchy of Luxembourg)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	1209 Orange Street, New Castle County, Wilmington, Delaware 19801 (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Certification services through non-destructive testing	Holding company	Holding company
Ownership interest held by Group companies:							
Direct	100%	100%					
Indirect			100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):							
Assets	833,000	102,050	9,846	105,004	59,678	234,268	257,426
Liabilities	435,144	225	3,226	64,135	36,809	176,480	258,488
Equity	379,856	101,825	6,619	40,869	22,869	57,787	(1,062)
Profit (Loss)	6,404	(53)	3,334	(1,646)	5,196	(4,033)	(680)

* Audited Company

Name	Applus Iteuve Technology, S.L.U *	IDIADA Automotive Technology, S.A *	Applus Argentina, S.A. *	IDIADA Fahrzeugtechnik, GmbH.*	CTAG-Idiada Safety Technology, S.L. *	Applus Chile, S.A. *	Applus Iteuve Euskadi, S.A., Sociedad Unipersonal *	Applus Revisiones Técnicas de Chile, S.A. *
Registered office	Campus de la UAB, Ronda de la Font del Carme s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	L'Albornar, s/n PO BOX 20,43710 Sta Oliva. Tarragona (Spain)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Manfred Hochstatter Strasse 2, 85055 Ingolstadt (Germany)	Polígono A Granxa, Parcelas 249-250. 36410 Porriño, Pontevedra (Spain)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Polígono Ugaldeguren I Parcela 8, 48710 Zamudio, Vizcaya (Spain)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)
Line of business	Vehicle roadworthiness testing	Engineering, testing and certification	Holding company	Engineering, testing and certification	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing
Ownership interest held by Group companies:								
Direct								
Indirect	100%	80%	100%	80%	40%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	271,424	99,311	690	7,716	2,537	15,571	14,006	2,084
Liabilities	215,577	52,508	314	7,433	893	1,667	5,998	193
Equity	55,847	46,803	376	283	1,644	13,904	8,008	1,891
Profit (Loss)	(9,453)	11,481	107	64	640	2,181	1,190	246

* Audited company

Name	Applus Danmark, A/S*	IDIADA CZ, A.S. *	K1 Kasastajat, OY *	Inspecció Tècnica de vehicles i serveis, S.A.	K1 Total, Oy	Idiada Automotive Technology India PVT, ltd *	Shangai IDIADA Automotive Technology Services Co. Ltd *	Applus Euskadi Holding, S.L.U.
Registered office	Korsolalsvej, 111 2610 Rodoure (Denmark)	Prazska 320/8, 500 04, Hradec Králové (Czech Republic)	Tuotekat 8B, 21200 Raisio (Finland)	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Tuotekatu 8B, 21200 Raisio, (Finland)	Unit no. 206, 2nd Floor,Sai Radhe Building Raja Bahadur Mill Road, off Kennedy Road, Pune 411 001 – (India)	Jucheng Pioneer Park, Building 23, 3999 Xiu Pu Road, Nan Hui 201315 Shanghai (Pudong District) – (China)	Polígono Ugaldeguren, I parcela 8, Zamudio, Vizcaya (Spain)
Line of business	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect	100%	80%	100%	50%	100%	61%	80%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	47,283	7,666	8,395	490	317	2,707	13,439	24,248
Liabilities	18,502	4,477	3,204	68	348	2,131	5,727	17,375
Equity	28,781	3,189	5,191	422	(31)	576	7,712	6,873
Profit (Loss)	(693)	1,106	58	291	(84)	(384)	401	16,115

* Audited company

Name	Applus Car Testing Service, Ltd. *	Idiada Tecnologia Automotiva, Ltda. *	Idiada Automotive Technology UK, Ltd. *	LGAI Technological, Center, S.A. *	Applus Portugal, Ltda.*	Applus México, S.A. de C.V. *	LGAI Chile, S.A.*
Registered office	Arthur Cox Building, Earlsfort Terrace, Dublin (Ireland)	Cidade de São Bernardo do Campo, Estado de São Pulo, na Rua Continental, nª 342, Vila Margarida, CEP 09750-060 (Brasil)	St Georges Way Bermuda Industrial Estate, Nuneaton, Warwickshire CV10 7JS – (UK)	Campus de la UAB,Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	Rua Hermano Neves, 18. Escritório 7, freguesia do Lumiar, Concelho, Lisboa (Portugal)	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Monseñor Sotero Sanz, 100-8°, Comuna de Providencia, Santiago de Chile (Chile)
Line of business	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Certificate	Certificate	Quality system audit and certification	Quality system audit and certification
Ownership interest held by Group companies:							
Direct							
Indirect	100%	80%	80%	95%	95%	95%	95%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):							
Assets	24,115	4,518	1,072	293,313	276	977	422
Liabilities	16,034	933	432	48,072	21	356	296
Equity	8,081	3,586	640	245,241	255	621	126
Profit (Loss)	5,063	567	(74)	3,138	229	20	50

* Audited company

Name	Applus Costa Rica, S.A	Applus Norcontrol, S.L., Sociedad Unipersonal *	Novotec Consultores, S.A., Sociedad Unipersonal *	Applus Panamá, S.A	Norcontrol Panamá, S.A. *	Norcontrol Chile, S.A.*	Norcontrol Inspección, S.A. de C.V. – México *	Applus Norcontrol Guatemala, S.A. *
Registered office	Oficentro Holland House, Oficina 47 y 48 300 mts Sur de Rotonda de la Bandera Barrio Escalante, San Pedro San José (Costa Rica)	Crta. Nacional VI-Km 582, 15168, Sada, A Coruña (Spain)	Parque Empresarial Las Mercedes, C/Campezo, 1. Ed.3, 28022, Madrid (Spain)	Urbanización Obarrio-C/ José Agustín Arando- Edificio Victoria Plaza, Piso 2 Local A, Ciudad de Panamá (Panama)	Urbanización Obarrio, C/José Agustín Arando, Edificio Victoria Plaza, Piso 2 Local A. Ciudad de Panamá (Panama)	Monseñor Sotero Sanz, 100-8°, Comuna de Providencia, Santiago de Chile (Chile)	Blvd. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F (México)	1ª, Calle 1-35, Zona 3, Don Justo, Fraijanes, Km 16.5 Carretera a El Salvador, Departamento de Guatemala (Guatemala)
Line of business	Quality system audit and certification	Inspection, quality control and consultancy services	Services related to quality and safety in industrial plants, buildings, etc.	Certification	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector
Ownership interest held by Group companies:								
Direct								
Indirect	95%	95%	95%	95%	95%	95%	95%	95%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	348	149,085	15,154	21	3,942	6,179	8,932	5,007
Liabilities	168	119,313	10,380	103	1,445	5,564	4,294	5,351
Equity	180	29,772	4,774	(82)	2,497	615	4,638	(344)
Profit (Loss)	111	(2,015)	1,136	2	456	(41)	714	685

* Audited company

Name	Applus Norcontrol Colombia, Ltda *	Norcontrol Nicaragua, S.A.	Röntgen Technische Dienst Holding BV	Applus Centro de Capacitación, S.A.	RTD Quality Services, SRO *	Applus RTD France Holding, S.A.S*
Registered office	Calle 17, núm. 69-46 Bogotá (Colombia)	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Delftweg 144, 3046 NC Rotterdam (Holand)	Monseñor Sotero Sanz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	U Stadionu 89, 530 02 Pardubice (Czech Republic)	14 rue André Sentuc, 69200, Venissieux (France)
Line of business	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Holding company	Provision of training services	Certification services through non-destructive testing	Holding company
Ownership interest held by Group companies:						
Direct						
Indirect	96%	95%	100%	95%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):						
Assets	20,288	467	297,419	221	2,353	(39)
Liabilities	10,399	227	86,243	201	531	866
Equity	9,888	239	211,176	19	1,821	(905)
Profit (Loss)	2,337	135	18,894	-	750	(963)

* Audited company

Name	Applus RTD France, S.A.S *	Applus RTD Deutschland inspektions-Gesellschaft, Gmbh *	Röntgen Technische Dienst B.V. *	RTD Quality Services Canada, Inc *	RTD Quality Services Nigeria Ltd. *	RTD Quality Services USA, Inc (Group)	RTD Holding Deutschland, Gmbh*	Applus RTD UK Holding, Ltd *
Registered office	14 rue André Sentuc, 69200, Venissieux (France)	Industriestraße 34 b, 44894 Bochum (Germany)	Delftweg 144, 3046 NC Rotterdam (Holand)	10035, 105 Street Suite, 1000, Edmonton (Alberta), T5J3T2 (Canada)	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	13131 Dairy Ashford Road, Suite 230, Sugar Land, TX 77478, (USA)	Industriestr. 34. D-44894, Bochum (Germany)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)
Line of business	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect	100%	100%	100%	100%	78%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	4,589	16,146	87,539	68,132	2,462	11,727	18,220	32,558
Liabilities	4,328	9,928	42,066	40,934	2,448	1,874	2,251	26,976
Equity	261	6,218	45,473	27,198	14	9,852	15,969	5,581
Profit (Loss)	(949)	490	(70)	995	32	1,296	481	736

* Audited company

Name	Applus RTD PTE, Ltd (Singapore) *	Applus Colombia, Ltda.*	Applus (Shangai) Quality inspection Co, Ltd	Applus RTD Certificering, B.V.	Applus RTD PTY, Ltd (Australia) *	Applus RTD Norway, AS *	Arctosa Holding, B.V.	Libertytown USA 2, Inc.
Registered office	70 Kian Teck Singapore 628798 (Singapore)	Calle 17, núm 69-46, Bogotá (Colombia)	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Rivium 1e straat 80, 2909 LE, Cappelle a/d Ijssel (The Netherlands)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Notberget 19, 4029 Stavanger (Norway)	Delftweg 144, 3046 NC Rotterdam (Holand)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)
Line of business	Certification services through non-destructive testing	Certification	Inspection services in quality processes, production processes, technical assistance and consultancy.	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect	100%	95%	95%	100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	3,142	764	3,975	345	19,474	5,038	340,432	74,320
Liabilities	2,505	185	2,614	860	8,073	2,854	234,750	64,492
Equity	637	580	1,361	(515)	11,401	2,184	105,682	9,828
Profit (Loss)	1,651	(194)	(636)	241	232	485	15,611	3,033

* Audited company

Name	Libertytown Australia, PTY, Ltd. *	Applus RTD UK, Ltd *	Applus RTD AG	Applus RTD Gmbh (Austria) *	Applus RTD SP, z.o.o.	Applus Energy, S.L.U.	RTD Slovakia, s.r.o.*
Registered office	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	Aeschenvorstadt 71, CH - 4051, Basel (Switzerland)	Hauptstr. 26, 7201, Neudörfl (Austria)	Raclawicka, 19, 41-506 Chorzów, Poland	Campus de la UAB, Ronda de Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain)	Vlcie Hrdlo, 824, Bratislava (Slovakia)
Line of business	Holding company	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Provision of advisory services and auditing in the energy sector	Certification services through non-destructive testing
Ownership interest held by Group companies:							
Direct							
Indirect	100%	100%	100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):							
Assets	36,256	11,075	4	511	28	3,720	1
Liabilities	14,157	5,355	-	7	4	1,781	2
Equity	22,099	5,720	4	504	24	1,939	(1)
Profit (Loss)	(46)	1,640	(1)	(26)	(35)	(344)	3

* Audited company

Name	Technico, Inc. (Group)	Applus Automotive Services, S.L., Sociedad Unipersonal	Quality Assurance LABS, Inc. (USA)	Quality Inspection Services, Inc.	Applus RTD Canada, LP	Applus Lgai Belgelendirme ve Muayene, Ltd.	Applus RTD Denmark, AS *	Valley Industrial X-Ray and Inspection Services, Inc.
Registered office	Suite 600, 570, Queen Street, E3B 6Z6 Fredericton New Brunskwick (Canada)	Campus de la UAB, Ronda de la Font del Carme s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Spain	80 Pleasant Ave SO PORTLAND, ME 0416 (USA)	Suite 400, Cathedral Park Tower, 37 Franklin Street, Buffalo, New York 14202 (USA)	100 King Street West, suite 6100, Toronto, M5X 1B8 (Canada)	Maslak Mah. Dereboyu Cad. Meydan Sok. Beybi Giz Plaza No:1 K:5 – Maslak / İstanbul (Turkey)	Skippergade 1, 6700, Esbjerg (Denmark)	6201 Knusden Drive, Bakersfield, CA (USA)
Line of business	Certification services through non-destructive testing	Lease of vehicles	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification	Certification services through non-destructive testing	Certification services through non-destructive testing
Ownership interest held by Group companies:								
Direct								
Indirect	100%	100%	100%	100%	100%	95%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	1,082	606	2,132	8,892	7,786	-	1,285	12,934
Liabilities	310	2	107	9,964	290	-	412	2,409
Equity	772	604	2,025	(1,072)	7,497	-	874	10,526
Profit (Loss)	331	(33)	159	41	1,266	(16)	(233)	4,255

* Audited company

Name	APP Management, S. de R.L. de C.V. *	Libertytown Applus RTD Germany Gmbh	Applus Norcontrol Maroc, Sarl	Applus RTD Gulf DMCC *	Qualitec Engenharia de Qualidade, Ltda.	Applus Lgai Germany, Gmbh *	BK Werstofftechnik-Prufstelle Für Werkstoffe,Gmbh	Ringal Brasil Investimentos, Ltda. *
Registered office	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Industrie Strasse 34 b, 44894 Bochum, (Germany)	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellil Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Morroco)	16th Floor, Office 1601, Swiss Tower, Jumeirah Lake Towers, PO Box 337201, (Arab Emirates)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brasil)	Zur Aumundswiede 2, 28279 Bremen, (Germany)	Zur Aumundswiede 2, 28279 Bremen, (Germany)	Cidade de São Bernardo do Campo, Estado De São Paulo, na Rua Continental, nº 342 – Parte, Vila Margarida, CEP 09750-060 (Brasil)
Line of business	Inspection, quality control and consultancy services in the industry and services sector	Holding company	Inspection, quality control and consultancy services	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification	Certification	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect	100%	100%	95%	100%	100%	95%	95%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	834	63,024	40	7,392	9,856	8,516	2,655	6,310
Liabilities	670	65,584	1	2,437	6,044	7,224	1,109	1,857
Equity	164	(2,560)	39	4,955	3,812	1,292	1,546	4,453
Profit (Loss)	73	(1,668)	(6)	1,292	(381)	407	-	213

* Audited company

Name	Burek und Partner, Gbr.	Assinco-Assesoria Inspeçao e Controle, Ldta	Applus Norcontrol Perú, S.A.C.	Kiefner &Associates Inc.	Jonh Davidson & Associates PTY, Ltd	JDA Wokman *	PT JDA Indonesia *	Applus Norcontrol Consultoría e Ingeniería, SAS
Registered office	Zur Aumundswiede 2, 28279 Bremen, (Germany)	Rua Petrovale, quadra 01, lote 10, integrante da area B, nº 450, Bloco 2 - 1º andar, Bairro Distrito Industrial Marsil, EP 32400-000 Cidade de Ibirité, Estado de Minas Gerais (Brasil)	Parque Hernan Velarde, 52 Urb. Santa Beatriz Cercado de Lima (Peru)	585 Scherers Court, Worthington, Franklin County, Ohio 43085 (USA)	Jetstream Business Park, Unit A3, 5 Grevillea Place, Eagle Farm QLD 4009 (Australia)	Level 2 ADF Haus, Musgrave Street, Port Moresby, National Capital District (Papua New Guinea)	Plaza Aminta 7th floor, Jl. TB Simatupang Kav. 10, South Jakarta, (Indonesia)	Calle 17, núm. 69-46 Bogotá (Colombia)
Line of business	Certification	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Inspection, quality control and consultancy services in the industry and services sector
Ownership interest held by Group companies:								
Direct								
Indirect	95%	100%	96%	100%	100%	100%	100%	95%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	206	420	1,394	4,702	2,966	7,227	6,932	506
Liabilities	39	683	898	593	4,533	3,383	4,466	202
Equity	167	(264)	496	4,109	(1,566)	3,845	2,467	303
Profit (Loss)	(2)	-	282	959	(1,097)	31	692	187

* Audited company

Name	Applus Velosi Mongolia, LLC	Applus Testing Norway, AS.	Applus Arabia L.L.C	Applus II Meio Ambiente Portugal, Lda	Ringal Invest, S.L.U	Applus Velosi DRC, Sarl.	Ingelog Consultores de Ingeniería y Sistemas, S.A. *
Registered office	Sun Business center, floor 3, Sukhbaatar district, Prime Minister Amar street-29, (Ulaanbaatar)	Langmyra 11, 4344 Bryne, (Norway)	Dammam, Kingdom of Saudi Arabia	Rua Hermano Neves n.º 18, escritório 7, freguesia do Lumiar, Concelho de Lisboa (Portugal)	Campus UAB, Ronda de la Font del Carme, s/n, Bellaterra-Cerdanyola del Vallès, (Spain)	c/o Lambert S Djunga, Djunga & Risasi, 07 Avenue Lodja, (Kinshasa/Gome, DRC)	Santiago de Chile (Chile)
Line of business	Certification services through non-destructive testing	Certification	Certification	Inspection services in quality processes, production processes, technical assistance and consultancy	Holding company	Counseling and provision of personnel	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.
Ownership interest held by Group companies:							
Direct							
Indirect	100%	95%	48%	95%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):							
Assets	170	1,131	1,553	1,137	26,643	264	8,577
Liabilities	654	1,592	1,992	393	22,846	233	1,770
Equity	(484)	(461)	(439)	744	3,797	31	6,806
Profit (Loss)	(305)	(24)	(611)	386	(245)	22	1,402

* Audited company

Name	Ingelog Servicios Generales, Ltda (Sergen)	Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.	Ingeandina Consultores de Ingeniería, S.A.S.	Ingelog Costa Rica S.A.	Applus Serviços Tecnologicos do Brasil, Ltda.
Registered office	Santiago de Chile (Chile)	Guatemala	Bogotá D.C. (Colombia)	San José de Costa Rica, calle treinta y uno, avenidas nueve y once, Barrio Escalante	Av. Das Naçoes Unidas, 1255 7° andar 04578-903Ruam Dom José de Barros, nº 177, 6ª andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brasil)
Line of business	Providing shuttle service and car rental	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Holding
Ownership interest held by Group companies:					
Direct					
Indirect	100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):					
Assets	1,365	-	593	-	2,147
Liabilities	1,371	-	8	-	120
Equity	(6)	-	585	-	2,027
Profit (Loss)	93	-	(52)	-	(49)

* Audited company

Name	Velosi S.à r.l.*	PDE International Ltd *	SAST international Ltd *	Velosi Asset Integrity Ltd *	Velosi Project Management Ltd *	Kurtec Pipeline Services Ltd *	K2 International Ltd *	Velosi America (Luxembourg) S.à r.l.
Registered office	7, rue Robert Stümper | L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 (Luxembourg)	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, (Channel Island).	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, (Channel Islands)	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, (Channel Islands)	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, (Channel Islands)	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, (Channel Islands)	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, (Channel Islands)	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 (Luxembourg)
Line of business	Holding company	Provision of consultancy and engineering services for the design of plants, construction and engineering	Provision of consultancy and engineering services	Provision of specialised asset integrity management services for the oil, gas and petrochemical industries at worldwide level	Provision of specialised management and consultancy services	Provision of specialised inspection services, management, sales support, advisory and business development services	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect	100%	100%	100%	80%	75%	45%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Accounted for using the equity method	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	49,726	1,703	59,866	6,786	303	33	2,937	111
Liabilities	18,802	1,158	31,498	3,714	235	66	158	109
Equity	30,923	546	28,368	3,072	68	(33)	2,779	2
Profit (Loss)	10,232	7	(1,250)	925	2,603	(11)	1,523	(15)

* Audited company

Name	Velosi Asia (Luxembourg) S.à r.l.	Velosi Africa (Luxembourg) S.à r.l.	Velosi Europe (Luxembourg) S.à r.l.	Velosi Poland Sp z.o.o.	Velosi Europe Ltd *	Velosi Certification Bureau Ltd *	Intec (UK) Ltd *	Velosi International Italy Srl
Registered office	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 (Luxembourg)	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653(Luxembourg)	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 (Luxembourg)	00-203 Warszawa, ul. Bonifraterska 17, VI p, Polska, 00-203 Warszawa, (Poland)	Unit 4 Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QX Bershire, (United Kingdom)	Unit 4 Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QX Bershire, (United Kingdom)	Brunel House, 9 Penrod Way, Heysham, Lancashire, LA3 2UZ, (United Kingdom)	23807 Merate (LC), via De Gasperi, 113, Merate, (Italy)
Line of business	Holding company	Holding company	Holding company	Publishing of other programmes	Provision of technical, engineering and industrial services	Provision of technical, engineering and industrial services	Provision of consultancy, training and human resources services	Provision of technical, engineering and industrial services
Ownership interest held by Group companies:								
Direct								
Indirect	100%	100%	100%	100%	100%	60%	60%	80%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	1,058	2,080	928	255	11,046	672	5,423	3,699
Liabilities	1,419	1,245	576	376	9,087	1,356	1,044	344
Equity	(361)	835	352	(122)	1,959	(685)	4,378	3,355
Profit (Loss)	(545)	(60)	67	(24)	311	(64)	373	1,750

* Audited company

Name	Velosi-PSC Srl *	IES - Velosi Norge AS *	Velosi TK Gozetim Hizmetleri Limited Sirketi	Velosi LLC *	Velosi Malta I Ltd *	Velosi Malta II Ltd *	Applus Velosi Czech Republic, s.r.o.	Velosi Industries Sdn Bhd *	Velosi Specialised Inspection Sdn Bhd *
Registered office	Via Cinquantenario, 8 - 24044 Dalmine, Bergamo (BG), (Italy)	Dølevegen, 86, Post Box. 2096 N-5541 Kolnes, Kongsberg, (Norway)	1042. Cadde 1319.Sokak No.9/5 Ovecler, Ankara, (Turkey)	Azadlig Avenue 189, Apt 61, AZ1130 Baku, (Azerbaijan)	Level 5, The Mall Complex, The Mall, Floriana, (Malta)	Level 5, The Mall Complex, The Mall, Floriana, (Malta)	Prague 9, Ocelárská 35/1354 – (Czech Republic)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)
Line of business	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Provision of auxiliary services for oil and gas companies	Holding company	Holding company	Manufacturing, trade and services not listed in Appendix 1-3 of the Trade License Activity	Investments, investment property and provision of engineering services	Provision of engineering and inspection services
Ownership interest held by Group companies:									
Direct									
Indirect	80%	60%	50%	100%	100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):									
Assets	7,788	729	249	33	26,124	7,123	297	57,684	1,470
Liabilities	5,034	180	259	343	118	219	258	54,378	1,811
Equity	2,754	549	(10)	(310)	26,006	6,904	39	3,306	(341)
Resultado	1,512	330	(17)	(241)	(28)	(22)	32	(419)	62

* Audited company

Name	Kurtec Inspection Services Sdn Bhd *	Kurtec Inspection Services Pte Ltd	Kurtec Tube Inspection Sdn Bhd *	Velosi Plant Design Engineers Sdn Bhd *	K2 Specialist Services Pte Ltd *	SEA Team Solutions (M) Sdn Bhd *	Velosi Engineering Projects Pte Ltd *
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	45 Cantonment Road, 089748, (Singapore)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	521 Bukit Batok Street 23 Unit 5E, Excel Building,659544, (Singapore)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	21, Bukit Batok Crescent, Unit #25-82, WCEGA Tower, 658065 (Singapore)
Line of business	Provision of non-destructive testing (specialised NDT) services, inspection of guided wave long range ultrasonic testing (LRUT) and remote visual inspection	Specialised provision of non-destructive testing, which includes remote visual inspection, pipe inspection and inspection of guided wave long range ultrasonic testing	Provision of specialised non-destructive testing (NDT) inspection and cleaning of pipes and tanks	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Training/hiring of specialised staff	Provision of third-party inspection services
Ownership interest held by Group companies:							
Direct							
Indirect	65%	65%	83%	100%	100%	100%	75%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):							
Assets	799	215	371	2,194	14,360	6	2,945
Liabilities	129	6	18	3,681	3,772	1	678
Equity	670	209	352	(1,487)	10,588	5	2,268
Profit (Loss)	(201)	(77)	49	(78)	132	(1)	1,348

* Audited company

Name	Velosi Energy Consultants Sdn Bhd *	Kurtec Pipeline Services LLC *	Velosi (HK) Ltd *	Velosi Saudi Arabia Co Ltd *	Velosi (Vietnam) Co Ltd	Velosi China Ltd *	Velosi Technical Services Ltd *
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur (Malaysia)	# 205, Block B, Abu Dhabi Business Hub, ICAD -1, Mussafah, P.O Box 114182, Abu Dhabi, (UAE)	Level 12, 28 Hennessey Road, Wanchai, (Hong Kong)	P.O. Box-6743, Unit No. 1, Al-Qusur, Talal Al-Doha Building, Sub of Prince Mohammad bin Fahd Road, Dhahran, 34247-3229, (Kingdom of Saudi Arabia)	Suite 250 Petro Tower, 8 Hoang Dieu Street, Vung Tau City, (Vietnam)	Room 2501-2503, World Center Block A,No.18 Tao lin Road, Pudong, Shanghai PRC 200135, (China)	Level 12, 28 Hennessey Road, Wanchai, Hong Kong, (China)
Line of business	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor	Quality control, maintenance and inspection	Provision of management services, sales support, advisory and business development services to related companies	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates	Provision of projection inspection services and certification, verification and inspection of the machinery, platforms, cranes and drilling equipment (through non-destructive testing) and recruitment services	Provision of consultancy for oil engineering management, technical consultancy for mechanical engineering and business management consultancy	Technical services and consultancy
Ownership interest held by Group companies:							
Direct							
Indirect	100%	45%	100%	60%	100%	100%	100%
Method used to account for the investment	Full consolidation	Puestas en equivalencia	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):							
Assets	3,198	(881)	1,163	12,182	352	347	1,640
Liabilities	3,709	3,611	19	7,117	597	271	339
Equity	(510)	(4,492)	1,144	5,065	(245)	76	1,301
Profit (Loss)	(803)	(1,797)	1,510	4,141	(102)	19	31

* Audited company

Name	Velosi Siam Co Ltd *	Velosi Certification Services Co Ltd *	Velosi Integrity & Safety Pakistan (Pvt) Ltd*	Velosi Corporate Services Sdn Bhd *	Velosi International Holding Company BSC (c) *	Velosi Certification Services LLC *	Velosi Certification WLL *	PT Java Velosi Mandiri *
Registered office	56 Silom Rd, Yada Building Fl.9/905, Suriyawongse, Bangrak, 10500 Bangkok, (Thailand)	56 Silom Rd, Yada Building Fl.9/905, Suriyawongse, Bangrak, 10500 Bangkok, (Thailand)	Office No. 401, 4th Floor, Business Centre, Block 6, P.E.C.H.S. Society, 74000 Karachi (Pakistan)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	Al Adiya, Manama, Block 327, Road 2831,Building 2291, (Bahrain)	# 201 & 205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, (United Arab Emirates)	Block 9, Building 24, Office 21, Ground Floor, East Ahmadi, Industrial Area, P O Box # 1589, Salmiya – 22016, (Kuwait)	Roxy Mas, Blok E.I. No. 5, Jl. K.H. Hasyim Ashari, Cideng Gambir, (Jakarat Pusa)
Line of business	Holding company	Provision of engineering and technical services	Provision of support engineering services, inspections based on risk, reliability centred maintenance, assessment of the safety integrity level, suitability for management services studies, corrosion studies, development of data management control systems, quality management system certification, specialised non-destructive testing services, approval of the design review, third-party inspection services and inspection of plants and access engineering	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Holding company of a group of commercial, industrial and service companies	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Provision of industrial consultancy	Provision of engineering consultancy services, such as quality control and non-destructive testing (NDT) inspection services, provision of skilled labor with vocational training
Ownership interest held by Group companies:								
Direct								
Indirect	97%	98%	70%	100%	100%	100%	100%	70%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	125	859	1,213	10,596	18,887	18,062	4,883	4,936
Liabilities	163	328	825	14,234	658	8,529	3,023	3,692
Equity	(38)	531	387	(3,642)	18,229	9,534	1,860	1,244
Profit (Loss)	(23)	86	157	(838)	5,944	1,115	203	271

* Audited company

Name	Velosi Certification WLL *	Velosi PromService LLC	PDE Inovasi Sdn Bhd *	Velosi LLC *	Velosi Bahrain WLL *	Velosi Quality Management International LLC *	Velosi LLC	Velosi Uganda LTD
Registered office	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha, (Qatar)	Sadovnicheskaya Street 22/15, Building 1, 1st Floor, Office 2, 115035 Moscow, (Russian Federation)	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	Post Box 261, POSTAL CODE : 131 Hamriya, (Sultanate of Oman)	Al Adiya, Manama, Block 327, Road 2831,, Building 2291, (Bahrain)	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, (United Arab Emirates)	Yuzhno-Sakhalinsk, Kommunistichesky Prospect, 32, Suit 610, Sakhalin, (Russia)	3rd Floor, Rwenzori House, Plot 1, Lumumba Avenue, PO Box 10314 Kampala, (Uganda)
Line of business	Provision of inspection and analysis and technical services in the area of qualified technical jobs	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries	Provision of consultancy and engineering services for the design, construction and engineering of the works of the plant	Equipment certification engineering and inspection controls	Provision of industrial inspection services, services for the management of facilities, quality and service issuance certificates	Provision of certification, engineering and inspection, onshore and/or offshore services	Holding company	Provision of business consulting and management
Ownership interest held by Group companies:								
Direct								
Indirect	75%	99%	100%	50%	100%	60%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Accounted for using the equity method	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	25,860	3,319	13	16,996	271	101	189	2
Liabilities	17,119	2,489	7	11,311	434	203	148	5
Equity	8,741	830	6	5,686	(163)	(102)	41	(3)
Profit (Loss)	3,744	791	(1)	2,661	(166)	(10)	177	(2)

* Audited company

Name	Velosi CBL (M) Sdn Bhd *	Velosi LLC	Rina-V Ltd	Velosi (B) Sdn Bhd *	Velosi Uruk FZC *
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, (Malaysia)	Suite 22, Building 56, Almaty Block 6, (Kazakhstan)	Unit 1703, 17/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong, (China)	Lot 5211, Spg. 357, Jln Maulana, KA 2931 Kuala Belait , (Negara Brunei Darussalam)	E-LOB Office No E2-119G-13. Hamriyah Free Zone, Sharjah, (UAE)
Line of business	Provision of equipment inspection services	Provision of services in the area of industrial safety	Holding company	Provision of quality control and engineering services for the oil and gas industries	Business and management consultancy
Ownership interest held by Group companies:					
Direct					
Indirect	60%	80%	50%	50%	60%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Accounted for using the equity method	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):					
Assets	158	209	-	4,002	683
Liabilities	64	158	-	1,475	608
Equity	94	51	-	2,526	75
Profit (Loss)	3	(19)	-	1,851	(7)

* Audited company

Name	Velosi Certification Services LLC	Velosi Philippines Inc *	Velosi Ukraine LLC	Dijla & Furat Quality Assurance, LLC.	ApplusVelosi OMS Co. Ltd *	Steel Test (Pty) Ltd *	Velosi (Ghana) Ltd *	Velosi Angola Prestacao de Servicos Ltda *
Registered office	17, Chimkent Street, Mirobod District, 100029 Tashkent, (Uzbekistan)	1004, 10F, Pagibig WT Tower, Cebu Business Park, Ayala, Cebu City, (Philippines)	4Mykoly, Hrinchenka Street, 03680 Kyiv, (Ukraine)	Ramadan Area, District 623-S, No.1, Baghdad, (Iraq)	108, Jin-ha, Seo-sang, Ulju, Ulsan, (Republic of Korea)	28 Senator Rood Road, 1930 Vereeniging , (Republic Of South Africa)	P.O.Box OS 0854, OSU, ACCRA,, (Ghana)	Rua Marien Ngouabi, 37, 5th Floor, Apt 53, Maianga, Luanda, (Angola)
Line of business	Provision of inspection, certification, monitoring and other types of business activity	Provision of business process outsourcing	Provision of ancillary services in the oil and natural gas industries	Provision of inspection, quality control and certification services	Provision of inspection, quality control and certification services	Pipe and steel thickener testing	Provision of inspection, quality control and certification services	Provision of quality assurance and control, inspection, supply of technical manpower, certification and regulatory inspection, NDE specialised services and engineering
Ownership interest held by Group companies:								
Direct								
Indirect	80%	100%	100%	100%	67%	100%	100%	75%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):								
Assets	8	285	75	177	786	3,272	1,689	29,729
Liabilities	262	259	203	1,034	583	1,365	1,763	18,958
Equity	(254)	26	(128)	(858)	203	1,907	(74)	10,771
Profit (Loss)	(153)	20	(112)	(489)	10	133	26	341

* Audited company

Name	Velosi Superintendend Nigeria Ltd *	Velosi SA (Pty) Ltd *	Velosi Mozambique LDA	K2 Do Brasil Services Ltda *	Applus Velosi America LLC	Applus Velosi Canada Ltd	Testex Inspection, LLC *
Registered office	C/o The Law Union, 10 Balarabe Musa Crescent, Victoria Island, Lagos, Nigeria.	1st Floor, AMR Building 1, Concorde Road East, Bedforview, 2008 Gauteng, South Africa.	Avenida Kim Il Sung, 961 - Bairro Sommershield - Distrito Urbano 1, Maputo Cidade - Moçambique.	Avenida Nossa Senhora da Gloria, 2427, Sobreloja, Sala 01, Cavaleiros, Macae - RJ, CEP27920-360, Macae, Brazil.	222 Pennbright, Suite 230, Houston, 77090 Texaz, United States of America.	c/o Merani Reimer LLP, Suite 300, 714, 1st Street SE, Calgary, Alberta, T2G 2G8, Canada	222 Pennbright, Suite 230, Houston, TX 77090, USA
Line of business	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Provision of services related with the quality of the oil and gas industries	Provision of consultancy services and technical assistance in the oil and gas	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor	Provision of labor supply services for the oil and gas industries	Provision of labor supply services for the oil and gas industries	Provision of labor supply services for the oil and gas industries
Ownership interest held by Group companies:							
Direct							
Indirect	80%	100%	100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Otros datos(en Miles de Euros):							
Assets	2,051	2,091	-	1,511	32,875	919	5,181
Liabilities	4,965	3,658	-	1,857	34,238	1,304	996
Equity	(2,914)	(1,567)	-	(346)	(1,363)	(385)	4,184
Profit (Loss)	122	(597)	-	82	(153)	(323)	445

* Audited company

Name	Velosi (PNG) Ltd	Velosi Australia Pty Ltd *	QA Management Services Pty Ltd *	Velosi Turkmenistan	Velosi Do Brasil Ltda
Registered office	Level 3, Pacific Place, Corner Musgrave Street & Champion Parade, Port Moresby, NCD, (Papua New Guinea)	Jetstream Business Park' suite a3 5 Grevillea Place Eagle Farm qld 4009	Suite 5/202 Hampden Rd, 6009 Nedlands, WA , (Australia)	Ashgabat City, Kopetdag District, Turkmenbashy, Avenue, No. 54, (Turkmenistan)	Praia Do Flamengo 312, 9 Andar Parte Flamengo, Rio De Janeiro, (Brazil)
Line of business	Architecture and engineering technical services and related technical consultancy	Holding company	Provision of quality assurance services, such as worldwide inspection and ISO 9000 Quality Management Consultancy, training courses, quality control software packages and specialised labor services	No line of business	No line of business
Ownership interest held by Group companies:					
Direct					
Indirect	100%	100%	100%	100%	98%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):					
Assets	30	7,959	4,926	-	-
Liabilities	53	6,388	682	-	-
Equity	(23)	1,571	4,244	-	-
Profit (Loss)	(7)	597	143	-	-

* Audited company

Name	Applus Velosi Egypt, LLC *	Applus Velosi Angola, Lda. *	Applus K2 America, LLC
Registered office	5 A Khaled Abn El Walid Street Sheraton Nozha Cairo, (Egypt)	Rua Marechal Brós Tito, n.º 35-37 Piso 13, Fracção B Edificio Escom (Angola)	222 Pennbright, Suite 230, Houston, TX 77090, (USA)
Line of business	Provision of engineering consultancy in the oil sector, the maritime business, power generation and mining, as well as management consulting	Provision of quality assurance and control, inspection, supply of technical manpower, certification and specialised services in NDT and engineering.	Providing solutions for owners and operators of drilling rigs and FPSO in America, including inspection services, repair and maintenance, structural design and analysis and training services.
Ownership interest held by Group companies:			
Direct			
Indirect	100%	49%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):			
Assets	-	26,835	181
Liabilities	-	25,105	319
Equity	-	1,730	(139)
Profit (Loss)	-	1,617	(130)

* Audited company

APPENDIX II

Name	Applus RTD USA Aerospace Holding, Inc.	Applus Laboratories USA, Inc.	2445805 ONTARIO LIMITED	APPLUS RTD LLC
Registered office	Address: 615 S. DuPont Highway, Kent County, Dover, Delaware 19901, (USA)	615 S. DuPont Highway, Kent County, Dover, Delaware 19901, (USA)	255 Queen Avenue Suite 2010 London, Ontario N6A 5R8, (Canada)	Khokhlovskiy side-street 13, building 1, 109028 Moscow. (Russian Federation)
Line of business	Holding company	Holding company	Holding company	Holding company
Ownership interest held by Group companies:				
Direct				
Indirect	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):				
Assets	-	-	-	-
Liabilities	-	-	-	-
Equity	-	-	-	-
Profit (Loss)	-	-	-	-

* Audited company

Name	Velosi Cameroun Sarl	Velosi Gabon PTE LTD CO (SARL)	Steel Test Secunda (PTY), LTD. *
Registered office	Douala, PO Box 15805, Akwa, (Cameroon)	Cité Shell, Port-Gentil in Gabon, BP: 2 267, (Gabon)	11 Viscount, Road Bedfordview 2007, (South Africa)
Line of business	No line of business	. Provision of safety and environmental (HSE) services, quality control and engineering in the oil and gas sector.	Provision of pipeline inspection and thickness of steel
Ownership interest held by Group companies:			
Direct			
Indirect	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2014	31/12/2014	31/12/2014
Other company information (in thousands of euros):			
Assets	-	-	-
Liabilities	-	-	-
Equity	-	-	-
Profit (Loss)	-	-	-

* Audited company