Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six month period ended at 30 June 2016 and de limited review report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel.: +34 932 80 40 40
Fax: +34 932 80 28 10
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Applus Services, S.A.
at the request of the Board of Directors:

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position at 30 June 2016, the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2016 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of matter paragraph

We draw attention to Note 2-a to the accompanying interim condensed consolidated financial statements notes, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015. This matter does not affect our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2016 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2016. Our work was confined to checking the interim 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.

Other Matter Paragraph

This report has been prepared at the request of the Board of Directors of the Parent in connection with the publication of the half-yearly financial report required under Article 119 of the Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Deloitte
Initialled for identification
purposes only

Raimon Ripoll

21 July 2016

Translation of Interim Condensed 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 20). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

(Thousands of Euros)

ASSETS	Notes	30/06/2016 (*)	31/12/2015
NON-CURRENT ASSETS:			
Goodwill	4	528.180	527.988
Other intangible assets	5	555.193	581.549
Property, plant and equipment	7	206.696	209.207
Non-current financial assets	8	14.644	13.966
Deferred tax assets	14.1	85.693	85.355
Total non-current assets		1.390.406	1.418.065
CURRENT ASSETS:			
Inventories		9.507	10.106
Trade and other receivables			
Trade and other receivables	9	365.694	374.228
Trade receivables from related parties	17	9.155	9.779
Other receivables	9	26.753	23.378
Corporate income tax assets		11.455	12.305
Other current assets		21.612	13.183
Current financial assets		4.140	4.258
Cash and cash equivalents		119.487	162.437
Total current assets		567.803	609.674
TOTAL ASSETS		1.958.209	2.027.739

EQUITY AND LIABILITIES	Notes	30/06/2016 (*)	31/12/2015
EQUITY:			
Share capital and reserves			
Share capital		11.770	11.770
Share premium		313.525	313.525
Retained earnings and other reserves		304.035	281.617
Profit for the period attributable to the Parent		17.545	38.244
Treasury Shares		(2.837)	(7.883)
Valuation adjustments			
Foreign currency translation reserve		(37.985)	(33.122)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		606.053	604.151
NON-CONTROLLING INTERESTS		44.051	47.145
Total equity	10	650.104	651.296
NON-CURRENT LIABILITIES:			
Non-current provisions	16	23.828	28.888
Bank borrowings	11	739.293	767.380
Other financial liabilities		24.381	24.047
Deferred tax liabilities	14.2	155.939	161.317
Other non-current liabilities		9.977	13.198
Total non-current liabilities		953.418	994.830
CURRENT LIABILITIES:			
Current provisions		1.896	1.886
Bank borrowings	11	28.144	52.504
Trade and other payables		292.284	300.603
Trade and other payables to related parties	17	2.230	2.498
Corporate Income tax liabilities		16.685	15.693
Other current liabilities		13.448	8.429
Total current liabilities		354.687	381.613
TOTAL EQUITY AND LIABILITIES		1.958.209	2.027.739

(*) Interim Condensed Consolidated Statement of Financial position as at 30 June 2016 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated of Financial Position for the first half of 2016.

Translation of Interim Condensed 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 20). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST HALF OF 2016

(Thousands of Euros)

	Notes	30/06/2016 (*)	30/06/2015 (*) Restated (**)
CONTINUING OPERATIONS:			
Revenue	15	783.655	860.379
Procurements		(94.274)	(114.641)
Staff costs	13.a	(416.159)	(433.708)
Other operating expenses		(183.750)	(210.251)
Operating profit before depreciation, amortization and others		**89.472**	**101.779**
Depreciation and amortisation charge	5 & 7	(48.258)	(48.416)
Impairment and gains or losses on disposal of non-current assets		189	(1.070)
Other losses		(204)	(1.394)
OPERATING PROFIT:		**41.199**	**50.899**
Financial result	13.b	(11.373)	(10.971)
Share of profit of companies accounted for using the equity method		907	997
Profit before tax		**30.733**	**40.925**
Corporate Income tax		(8.789)	(10.787)
Net profit from continuing operations		**21.944**	**30.138**
PROFIT FROM DISCONTINUED OPERATIONS NET OF TAX:		-	-
NET CONSOLIDATED PROFIT:		**21.944**	**30.138**
Profit attributable to non-controlling interests	10	4.399	4.903
NET PROFIT ATTRIBUTABLE TO THE PARENT:		**17.545**	**25.235**
Profit per share (in euros per share):	10		
- Basic		**0,135**	**0,194**
- Diluted		**0,135**	**0,194**

(*) Interim Condensed Consolidated Income Statement for the first half of 2016 and 2015 unaudited.

(**) Restated amounts as indicated in Note 2.b.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Profit or Loss for the first half of 2016.

Translation of Interim Condensed 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 20). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2016

(Thousands of Euros)

	30/06/2016 (*)	30/06/2015 (*) Restated (**)
NET CONSOLIDATED PROFIT:	**21.944**	**30.138**
1. Other comprehensive income:		
a) Items that will not be transferred to profit or loss	-	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	(5.530)	7.791
2. Transfers to the statement of profit or loss:		
Other comprehensive result	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**16.414**	**37.929**
Total comprehensive income for the year attributable to:		
- Owners of the company	12.682	31.977
- Non-controlling interests	3.732	5.952
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**16.414**	**37.929**

(*) Interim Condensed Consolidated Statement of Comprehensive Income for the first half of 2016 and 2015 unaudited.

(**) Restated amounts as indicated in Note 2.b.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Comprehensive Income for the first half of 2016.

Translation of Interim Condensed 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 20). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF OF 2016

(Thousands of Euros)

(Note 10)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation reserve	Treasury Shares	Profit for the period attributable to the Parent	Non-controlling interests	Total equity
Balance as at 31 December 2014	**11.770**	**350.857**	**239.837**	**(25.954)**	**(5.407)**	**23.761**	**38.709**	**633.573**
Changes in the scope of consolidation and others	-	-	(2.293)	-	-	-	2.030	(263)
Allocation of 2014 profit	-	-	23.761	-	-	(23.761)	-	-
Dividends	-	-	(16.902)	-	-	-	(3.321)	(20.223)
Compensation of negative results of former years	-	(37.332)	37.332	-	-	-	-	-
Treasury shares	-	-	3.551	-	4.845	-	-	8.396
1st semester 2015 comprehensive income	-	-	-	6.742	-	25.235	5.952	37.929
Balance as at 30 June 2015 (*) Restated (**)	**11.770**	**313.525**	**285.286**	**(19.212)**	**(562)**	**25.235**	**43.370**	**659.412**

(Note 10)	Share capital	Share premium	Retained earnings and other reserves	Foreign currency translation reserve	Treasury Shares	Profit for the period attributable to the Parent	Non-controlling interests	Total equity
Balance as at 31 December 2015	**11.770**	**313.525**	**281.617**	**(33.122)**	**(7.883)**	**38.244**	**47.145**	**651.296**
Changes in the scope of consolidation and others	-	-	(3.751)	-	-	-	(2.399)	(6.150)
Allocation of 2015 profit	-	-	38.244	-	-	(38.244)	-	-
Dividends	-	-	(16.902)	-	-	-	(4.427)	(21.329)
Treasury shares	-	-	4.827	-	5.046	-	-	9.873
1st semester 2016 comprehensive income	-	-	-	(4.863)	-	17.545	3.732	16.414
Balance as at 30 June 2016 (*)	**11.770**	**313.525**	**304.035**	**(37.985)**	**(2.837)**	**17.545**	**44.051**	**650.104**

(*) Interim Condensed Consolidated Statment of Changes in Equity for the first half of 2016 and 2015 unaudited.
(**) Restated amounts as indicated in Note 2.b

The accompanying Notes 1 to 20 are an integral part
of the Interim Condensed Consolidated Statement of Changes in Equity for the first half of 2016.

APPLUS SERVICIES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2016

(Thousands of Euros)

	Notes	30/06/2016 (*)	30/06/2015 (*) Restated (**)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**30.733**	**40.925**
Adjustments of items that do not give rise to operating cash flows			
Depreciation and amortisation charge	5 & 7	48.258	48.416
Writedown of goodwill and impairment of intangible assets		-	1.010
Changes in provisions and allowances		(272)	956
Financial result of consolidated companies	13.b	11.373	10.971
Share of profit in associated companies		(907)	(997)
Gains or losses on disposals of property, plant and equipment		(189)	60
Profit from operations before changes in working capital (I)		**88.996**	**101.341**
Changes in working capital-			
Changes in trade and other receivables		(2.971)	(55.520)
Changes in inventories		599	(451)
Changes in trade and other payables		(24.143)	8.655
Cash generated by changes in working capital (II)		**(26.515)**	**(47.316)**
Other cash flow from operating activities-			
Other payments	14.3	(3.430)	-
Other cash flow from operating activities (III)		**(3.430)**	-
Corporate Income tax		(12.393)	(13.346)
Cash flows from income tax (IV)		**(12.393)**	**(13.346)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)+(IV)		**46.658**	**40.679**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Disposal of subsidiaries (payments and receivables)		-	(868)
Payments due to acquisition of subsidiaries and other non-current financial assets	3.c	(2.066)	(46.538)
Payments due to acquisition of intangible and property, plant and equipment assets		(24.980)	(22.938)
Net cash flows used in investing activities (B)		**(27.046)**	**(70.344)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received	13.b	757	782
Interest paid		(6.344)	(11.401)
Net changes in non-current financing (proceeds and payments)	11	(19.687)	(2.515)
Net changes in current financing (proceeds and payments)		(24.768)	23.481
Dividends paid by Group companies to non-controlling interests	10	(2.569)	(3.321)
Net cash flows used in financing activities (C)		**(52.611)**	**7.026**
EFFECT OF EXCHANGE RATE IN FOREIGN CURRENCY (D)		**(9.951)**	**634**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(42.950)**	**(22.005)**
Cash and cash equivalents at beginning of year		**162.437**	**149.688**
Cash and cash equivalents at end of year		**119.487**	**127.683**

(*) Interim Condensed Consolidated Statement of Cash Flows for the first half of 2016 and 2015 unaudited.
(**) Restated amounts as indicated in Note 2.b.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Cash Flows for the first half of 2016.

CONTENTS

Page

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

Applus Services, S.A. and Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements for the first half of 2016

1. Group activities

Applus Services, S.A. (formerly Applus Technologies Holding, S.L. – hereinafter "the Parent"-) has been the Parent of the Applus Group ("the Applus Group" or "the Group") since 29 November 2007.

The registered office is located at Campus de la UAB, Ronda de la Font del Carme s/n, Bellaterra, Cerdanyola del Vallès (Barcelona, Spain).

The Parent's company object is as follows:

- To provide services in relation to the transport sector and vehicle and highway safety (engineering processes, design, testing, approval and certification of used cars), as well as technical inspections in sectors other than the automotive sector, with a blanket exclusion of activities that are covered by special legislation.

- The technical audits of all types of installations for technical inspection or control of vehicles located anywhere in Spain or abroad, as well as any other type of technical inspection other than vehicles.

- The draw up and execution of all types of studies and projects in relation to the abovementioned activities: economic, industrial, property, information technology, market surveys and research, as well as the supervision, direction and provision of services and advice in the execution thereof. Provision of services, advice, administration, operation and management, whether technical, fiscal, legal or commercial.

- Business intermediation services, both locally and abroad.

- To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with administration, consultancy, audit, certification, approval, personnel training and qualification, and technical assistance in general in order to improve the organization and management of quality, safety and environmental aspects.

- To carry out studies, works, measurements, tests, analyses and controls, in laboratories or in situ, and such other professional methods and actions considered necessary or advisable, in particular those related to manufacturing materials, equipment, products and installations, in the fields of mechanics, electricity, electronics and information technology, transport and communications, administrative organization and office automation, mining, food, environment, construction and civil works, performed during the stages of design, planning, manufacturing, construction and assembly and commissioning, maintenance and production for all types of companies and entities, both public and private, as well as before the Central State Administration, the Administrations of Autonomous Communities, Provinces and Municipalities, and all types of agencies, institutions and users, whether within the country or abroad.

- The purchase, holding and administration, whether direct or indirect, of shares, corporate interests, quota shares and any other form of holding or interest in the capital and/or securities granting right to the obtaining of shares, corporate interests, quota shares, or other holdings or interests in companies of any type, with or without legal personality, established in accordance with Spanish law or any other applicable legislation, in accordance with Article 108 of the Law 27/2014, of 27 November 2014, on Corporate Income Tax, or by such legislation as may replace it, as well as the administration, management and guidance of such companies and entities, whether directly or indirectly, by means of the membership, attendance and holding of positions on any governing and management bodies of such companies or entities, carrying out the aforementioned advisory, management and guidance services making use of the corresponding organization of material and personnel means. An exception is made for those activities expressly reserved by law for Collective Investment Institutions, as well as for that expressly reserved by the Securities Market Act for investment service companies.

The activities may be carried out either directly by the Company or through the ownership of shares or equity interest in other companies with an identical or related purpose, including the carrying out of all its activities in an indirect manner, therefore acting solely as a holding company.

All activities for which the law establishes special requirements that cannot be carried out by the Company are excluded from the corporate purpose. Should legal provisions require a professional qualification, administrative authorization, or registration with a public registry to be able to perform any of the activities included in the corporate purpose, such activities must be performed by persons who hold such professional qualifications, and such tasks shall not be able to commence until the administrative requirements have been met.

The Parent's shares have been listed on the Spanish stock market since 9 May 2014 (see Note 10-a).

2. Basis of presentation

a) Basis of presentation

These interim condensed consolidated financial statements for the first half ended 30 June 2016 were prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). These interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2015, which were prepared in accordance with EU-IFRSs. Accordingly, it was not necessary to repeat or update certain notes or estimates included in those consolidated financial statements. Therefore, the accompanying selected explanatory notes include an explanation of the events and changes that are significant to an understanding of the changes in consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Applus Group in the period from 31 December 2015, the date of the aforementioned consolidated financial statements, to 30 June 2016.

These interim condensed consolidated financial statements were authorised for issue by the Parent's Board of Directors at its meeting held on 21 July 2016.

These interim condensed consolidated financial statements of the Applus Group were prepared on the basis of the financial statements of Applus Services, S.A. and of the Group companies according to EU-IFRS.

b) *Comparative information*

In accordance with IAS 34.20, in order to present comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position at 30 June 2016 and 31 December 2015, the interim condensed consolidated statement of profit or loss for the first half ended 30 June 2016 and 2015, the interim condensed consolidated statements of comprehensive income for the first half ended 30 June 2016 and 2015, the interim condensed consolidated statements of changes in equity for the first half ended 30 June 2016 and 2015, the interim condensed consolidated statements of cash flows for the first half ended 30 June 2016 and 2015 and the explanatory notes to the interim condensed consolidated financial statements for the first half ended 30 June 2016.

In the second half of 2015 the Group completed the measurement process at fair value of the assets and liabilities acquired on 29 October 2014 from Ingelog Group within the one-year deadline stipulated in IFRS 3, Business Combination, and consequently retrospectively recognised the goodwill arising from this business combination. Additionally, in the second half of 2015 the Group also completed the measurement process at fair value of the assets and liabilities acquired on 12 February 2015 from X-Ray Group and N-Ray Group. Adjustments were therefore made to the interim condensed consolidated statement of profit or loss for the first half ended 30 June 2015, the interim condensed consolidated statements of changes in equity for the first half ended 30 June 2015, the interim condensed consolidated statements of cash flows for the first half ended 30 June 2015. The changes for the first half ended 30 June 2015 made as a result of the retrospective measurement at fair value of assets and liabilities acquired are as follows:

- Increase in the loss for the first half ended 30 June 2015 and decrease in equity for the period ended 30 June 2015 of EUR 650 thousand (due to the amortisation of the intangible assets to which the goodwill was allocated (EUR -866 thousand) and its related tax effect (EUR 216 thousand)).

- Increase in the loss and decrease in equity for the year ended 31 December 2014 of EUR 70 thousand (due to the amortisation of the intangible assets to which the goodwill was allocated and its related tax effect).

c) *Responsibility for the information and use of estimates*

The information in these interim condensed consolidated financial statements is the responsibility of the Parent's Directors, who are responsible for the preparation of the interim condensed 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 interim condensed consolidated financial statements free from material misstatement.

In the Group's interim condensed consolidated financial statements at 30 June 2016, estimates were occasionally 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 Note 4).

- The impairment losses on certain assets (see Note 6).

- The recoverability of the deferred tax assets (see Note 14).

- The useful life of the property, plant and equipment and intangible assets.

- The assumptions used in measuring the fair value of the financial instruments and assets and liabilities in business combinations.

- Income from pending to be billed services.

- Provisions and contingent liabilities (see Note 16).

- Corporate Income Tax and deferred tax assets and liabilities (see Note 14).

Although these estimates were made on the basis of the best information available at 30 June 2016 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.

3. Accounting policies

The accounting policies used in these interim condensed consolidated financial statements at 30 June 2016 are the same as those used in the consolidated financial statements for the year ended 31 December 2015, except as described below:

a) Changes in accounting principles and disclosure rules effective in 2016

In 2016 new accounting standards came into force, which, accordingly, were taken into account in the preparation of these interim condensed consolidated financial statements.

The following standards have been applied in these interim condensed consolidated financial statements but did not have any significant impact on the presentation hereof or the disclosures herein:

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union:		
Amendments to IAS 19, Defined Benefit Plans to the employee contributions	The amendments were issued to allow employee contributions to be deducted from the service cost in the same period in which they are paid, provided certain requirements are met.	1 February 2015
Improvements to IFRSs, 2010-2012 cycle	Minor amendments to a series of standards.	1 February 2015
Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)	Clarify the acceptable methods of amortisation and depreciation of property, plant and equipment and intangible assets.	1 January 2016
Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	Provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	1 January 2016
Improvements to IFRSs, 2012-2014 cycle (issued in September 2014)	Minor amendments to a series of standards.	1 January 2016
Amendments to IAS 27, Equity Method in Separate Financial Statements (issued in August 2014)	The amendments permit the use of the equity method in the separate financial statements of an investor.	1 January 2016
Amendments to IASs 16 and 41: Bearer Plants (issued in June 2014)	Bearer plants shall be measured at cost rather than at fair value.	1 January 2016
Amendments to IAS 1: Disclosure Initiative (issued in December 2014)	Various clarifications in relation to disclosures (materiality, aggregation, order of the notes, etc.).	1 January 2016
Not yet approved for use in the European Union:		
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities	Clarification in relation to the exception from consolidation for investment entities.	1 January 2016

b) ***Accounting standards issued but not yet in force in 2016***

At the date of preparation of interim condensed 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 interim condensed 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:
Not yet approved for use in the European Union:		
New standards		
IFRS 9, Financial Instruments (last phase issued in July 2014)	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018
IFRS 15, Revenue from Contracts with Customers (issued in May 2014) and its clarifications (issued in April 2016)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
IFRS 16, Leases (issued in January 2016)	Supersedes IAS 17 and the associated interpretations. The main development in the new standard is the introduction of a single lessee accounting model which requires a lessee to recognise all leases (with certain limited exceptions) with an impact similar to the current finance leases (recognising amortisation for the rights of use and a finance cost for the amortised cost of the liability).	1 January 2019
Amendments and interpretations		
Amendments to IAS 7, Disclosure Initiative (issued in January 2016)	Introduces additional disclosure requirements aimed at improving the information provided to the users of financial statements.	1 January 2017
Amendments to IAS 2, Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)	Clarification of the principles established in relation to the recognition of deferred tax assets for unrealised losses.	1 January 2017
Amendments to IFRS 2, Share-based Payment (issued in June 2016)	Includes limited amendments clarifying specific issues such as the effects of vesting conditions on cash-settled share based payments, the classification of share-based payment transactions with net settlement features and accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018
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 in relation to the gain or loss resulting from such transactions involving a business or assets.	Undefined date

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.

c) Changes in the scope of consolidation

The main change in the scope of consolidation in the first half of 2016 has been the incorporation of the company Aerial Photography Specialist Pty Ltd.

On 21 January 2016, the Applus Group acquired the Australian company Aerial Photography Specialist Pty Ltd. for a fixed amount of AUD 3,150 thousand (approximately EUR 1,982 thousand). In addition, the agreement includes an earn-out provision tied to certain financial goals amounting to a maximum of AUD 6.85 million (approximately EUR 4.31 million) which the acquired company would have to achieve in 2016, 2017, 2018 and 2019. The Group considers that conditions will prevail for the earn-out to amount to AUD 648 thousand (approximately EUR 408 thousand) and, accordingly, this amount was taken into account when determining the acquisition cost of the ownership interest. The goodwill arising from this acquisition amounted to EUR 2,253 thousand.

At the date of preparation of these Interim Condensed Consolidated Financial Statements, neither the assets and liabilities' measurement process at fair value of this acquisition described above, nor that of the SKC Group, an acquisition at 30 November 2015 disclosed in Note 2-e.1.1 to the consolidated financial statements for 2015, have been completed and the goodwill allocation is provisional. The Directors of the Parent Company consider that the assets and liabilities' measurement process and the goodwill allocation will be completed in the second half of 2016, and applied retroactively as permitted in IFRS 3 – Business Combinations.

d) Transactions in currencies other than the Euro

The Group's functional currency is the Euro. The balances in the interim condensed consolidated 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 – Foreign currency translation reserve" in the interim condensed consolidated statement of financial position as at 30 June 2016.

The average and closing rates used in the translation to euros of the balances held in foreign currency at 30 June 2016 and 31 December 2015 are as follows:

1 Euro		30 June 2016		31 December 2015	
		Average rate	Closing rate	Average rate	Closing rate
Danish krone	DKK	7.45	7.44	7.46	7.46
Norwegian krone	NOK	9.42	9.42	8.93	9.49
Czech koruna	CZK	27.02	27.03	27.28	27.03
United Arab Emirates dirham	AED	4.10	4.13	4.08	3.97
Canadian dollar	CAD	1.49	1.45	1.41	1.51
Singapore dollar	SGD	1.54	1.52	1.52	1.54
US dollar	USD	1.12	1.13	1.11	1.08
Papua New Guinean kina	PGK	3.36	3.42	3.00	3.16
Pound sterling	GBP	0.78	0.79	0.73	0.73
Argentine peso	ARS	15.97	15.66	10.12	14.40
Chilean peso	CLP	770.19	771.14	724.28	764.68
Colombian peso	COP	3,493.30	3,390.00	3,028.57	3,621.00
Mexican peso	MXN	20.12	21.22	17.57	18.45
Brazilian real	BRL	4.15	3.85	3.67	4.20
Qatari riyal	QAR	4.06	4.10	4.05	3.95
Malaysian ringgit	MYR	4.57	4.58	4.32	4.66
Saudi riyal	SAR	4.18	4.23	4.17	4.06
Indonesian rupiah	IDR	14,987.36	15,025.00	14,825.90	15,180.00
Chinese yuan	CNY	7.28	7.42	6.97	7.01

4. Goodwill

The detail, by cash-generating unit, of the goodwill at 30 June 2016 and 31 December 2015 is as follows:

Cash-generating unit	Thousands of euros					
	30 June 2016			31 December 2015		
	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	138,404	(36,101)	102,303	138,404	(36,101)	102,303
RTD US and Canada	91,806	-	91,806	93,694	-	93,694
IDIADA	56,244	-	56,244	56,130	-	56,130
Velosi	27,773	-	27,773	28,144	-	28,144
Norcontrol Spain	21,708	(11,370)	10,338	21,708	(11,370)	10,338
Laboratories	32,014	-	32,014	32,129	-	32,129
RTD Asia and Pacific	30,265	(15,674)	14,591	27,912	(15,674)	12,238
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	7,871	-	7,871	7,759	-	7,759
Auto Finland	52,782	(52,782)	-	52,782	(52,782)	-
Others	1,268	-	1,268	1,281	-	1,281
Total goodwill	**661,882**	**(133,702)**	**528,180**	**661,690**	**(133,702)**	**527,988**

(*) Includes the aggregated business of various concessions and administrative authorisations.

The changes in the first half of 2016 and in 2015 are as follows:

	Thousands of euros
Balance at 31 December 2014	**497,268**
Changes in the scope of consolidation	25,032
Change in exchange rate	6,571
Disposal	(883)
Balance at 31 December 2015	**527,988**
Changes in the scope of consolidation (Note 3-c)	2,253
Change in exchange rate	(2,061)
Balance at 30 June 2016	**528,180**

5. Other intangible assets

The changes in the first half of 2016 and in 2015 in intangible asset accounts and in its related accumulated amortisation and impairment are as follows:

	30 June 2016 - Thousands of euros						
	Balance at 1 January 2016	Changes in the scope of consolidation (Note 3-c)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 30 June 2016
Cost:							
Administrative concessions	112,165	-	-	-	-	-	112,165
Patents, licences and trademarks	272,677	12	1	-	-	(9)	272,681
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	172,551	-	-	-	-	(537)	172,014
Computer software	61,254	-	3,101	(39)	115	(339)	64,092
Goodwill acquired	19,815	-	-	-	-	(714)	19,101
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	35,673	27	1,056	(104)	(44)	(386)	36,222
Total cost	**1,007,005**	**39**	**4,158**	**(143)**	**71**	**(1,985)**	**1,009,145**
Accumulated amortisation:							
Administrative concessions	(64,934)	-	(3,134)	-	-	-	(68,068)
Patents, licences and trademarks	(85,654)	(5)	(6,283)	-	-	(1)	(91,943)
Administrative authorisations	(64,933)	-	(7,919)	-	-	-	(72,852)
Customer portfolio	(67,030)	-	(5,394)	-	-	92	(72,332)
Computer software	(51,127)	-	(2,659)	18	(29)	272	(53,525)
Goodwill acquired	(79)	-	-	-	-	-	(79)
Asset usage rights	(35,107)	-	(1,252)	-	-	-	(36,359)
Other	(18,710)	(17)	(2,223)	4	-	34	(20,912)
Total accumulated amortisation	**(387,574)**	**(22)**	**(28,864)**	**22**	**(29)**	**397**	**(416,070)**
Total impairment losses	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**581,549**	**17**	**(24,706)**	**(121)**	**42**	**(1,588)**	**555,193**

In the first half of 2016 the amortisation charge associated with the intangible assets from previous years of the Purchase Price Allocation recognised in the accompanying interim condensed consolidated statement of profit or loss amounted to EUR 23,795 thousand.

	31 December 2015 - Thousands of euros						
	Balance at 1 January 2015	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers (Note 7)	Changes in exchange rates and other	Balance at 31 December 2015
Cost:							
Administrative concessions	112,164	-	-	-	-	1	112,165
Patents, licences and trademarks	272,732	(154)	4	-	-	95	272,677
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	148,369	23,542	-	-	-	640	172,551
Computer software	55,695	(1)	5,535	(1,453)	108	1,370	61,254
Goodwill acquired	9,685	(110)	10,062	-	-	178	19,815
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	30,166	(2)	5,345	(81)	372	(127)	35,673
Total cost	**961,681**	**23,275**	**20,946**	**(1,534)**	**480**	**2,157**	**1,007,005**
Accumulated amortisation:							
Administrative concessions	(58,665)	-	(6,269)	-	-	-	(64,934)
Patents, licences and trademarks	(73,199)	154	(12,568)	-	-	(41)	(85,654)
Administrative authorisations	(49,095)	-	(15,838)	-	-	-	(64,933)
Customer portfolio	(55,893)	(269)	(10,736)	-	-	(132)	(67,030)
Computer software	(47,720)	1	(4,287)	1,291	2	(414)	(51,127)
Goodwill acquired	(78)	-	(1)	-	-	-	(79)
Asset usage rights	(32,530)	-	(2,568)	-	-	(9)	(35,107)
Other	(14,472)	-	(4,179)	36	-	(95)	(18,710)
Total accumulated amortisation	**(331,652)**	**(114)**	**(56,446)**	**1,327**	**2**	**(691)**	**(387,574)**
Total impairment losses	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**592,147**	**23,161**	**(35,500)**	**(207)**	**482**	**1,466**	**581,549**

Intangible assets by cash-generating unit

The detail, by cash-generating unit, of the intangible assets is as follows:

	30 June 2016 - Thousands of euros													
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcontrol Spain	Labora-tories	RTD Asia and Pacific	Auto US	Norcontrol Latam	Auto Denmark	Others	**Total**
Cost:														
Administrative concessions	94,102	-	-	-	-	-	182	-	-	17,881	-	-	-	**112,165**
Patents, licences and trademarks	18,598	89,400	10,144	43,134	28,210	12,294	40,096	8,772	15,440	6,428	-	-	165	**272,681**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio	-	41,532	-	19,012	71,102	-	18,822	4,473	8,119	-	8,954	-	-	**172,014**
Computer software	3,611	7,134	13	3,804	760	5,664	6,752	3,697	379	8,431	2,287	1,941	19,619	**64,092**
Goodwill acquired	-	9,161	769	-	3,547	3,777	1,381	265	-	-	-	201	-	**19,101**
Asset usage rights	1,241	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,960**
Other	1,055	12,817	566	27	-	14,586	3,412	1,704	-	1,087	26	942	-	**36,222**
Total cost	**284,593**	**160,044**	**105,416**	**65,977**	**103,619**	**73,050**	**70,648**	**53,898**	**23,938**	**33,827**	**11,267**	**3,084**	**19,784**	**1,009,145**
Accumulated amortisation:														
Administrative concessions	(57,780)	-	-	-	-	-	(182)	-	-	(10,106)	-	-	-	**(68,068)**
Patents, licences and trademarks	(6,391)	(28,489)	(3,317)	(15,099)	(9,685)	(4,234)	(13,902)	(3,012)	(5,301)	(2,352)	-	-	(161)	**(91,943)**
Administrative authorisations	(24,343)	-	(48,509)	-	-	-	-	-	-	-	-	-	-	**(72,852)**
Customer portfolio	-	(14,259)	-	(13,308)	(20,332)	-	(18,822)	(1,696)	(2,788)	-	(1,127)	-	-	**(72,332)**
Computer software	(3,152)	(5,587)	(13)	(1,899)	(620)	(4,140)	(6,046)	(2,930)	(283)	(7,139)	(1,510)	(1,863)	(18,343)	**(53,525)**
Goodwill acquired	-	(1)	-	-	-	-	(71)	(7)	-	-	-	-	-	**(79)**
Asset usage rights	(1,230)	-	-	-	-	(14,330)	(3)	(20,796)	-	-	-	-	-	**(36,359)**
Other	(435)	(5,903)	(303)	(18)	-	(9,166)	(2,572)	(1,670)	-	(845)	-	-	-	**(20,912)**
Total accumulated amortisation	**(93,331)**	**(54,239)**	**(52,142)**	**(30,324)**	**(30,637)**	**(31,870)**	**(41,598)**	**(30,111)**	**(8,372)**	**(20,442)**	**(2,637)**	**(1,863)**	**(18,504)**	**(416,070)**
Total impairment losses	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	-	**(5,972)**	-	-	-	**(37,882)**
Total net value	**184,211**	**89,061**	**45,159**	**35,653**	**72,982**	**41,180**	**29,050**	**23,787**	**15,566**	**7,413**	**8,630**	**1,221**	**1,280**	**555,193**

	31 December 2015 - Thousands of Euros													
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcon-trol Spain	Labora-tories	RTD Asia and Pacific	Auto US	Norcon-trol Latam	Auto Denmark	Others	**Total**
Cost:														
Administrative concessions	94.102	-	-	-	-	-	182	-	-	17,881	-	-	-	**112,165**
Patents, licences and trademarks	18,598	89,400	10,144	43.122	28,210	12,294	40,096	8,772	15,440	6,457	-	-	143	**272,676**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio	-	41,532	-	19,012	71,555	-	18,822	4,487	8,119	-	9,025	-	-	**172,552**
Computer software	3,395	6,878	13	3,455	741	4,963	6,721	3,509	375	8,528	1,929	1,929	18,818	**61,254**
Goodwill acquired	-	9,913	769	-	3,418	4,002	1,381	265	-	-	-	69	-	**19,817**
Asset usage rights	1,241	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,960**
Other	908	13,160	529	-	-	13,754	3,516	1,714	-	1,132	20	938	-	**35,671**
Total cost	**284,230**	**160,883**	**105,379**	**65,589**	**103,924**	**71,742**	**70,721**	**53,734**	**23,934**	**33,998**	**10,974**	**2,936**	**18,961**	**1,007,005**
Accumulated amortisation:														
Administrative concessions	(54,918)	-	-	-	-	-	(182)	-	-	(9,834)	-	-	-	**(64,934)**
Patents, licences and trademarks	(6,019)	(27,144)	(3,148)	(12,937)	(9,121)	(3,989)	(13,104)	(2,836)	(4,992)	(2,220)	-	-	(144)	**(85,654)**
Administrative authorisations	(20,711)	-	(44,222)	-	-	-	-	-	-	-	-	-	-	**(64,933)**
Customer portfolio	-	(13,430)	-	(11,407)	(18,341)	-	(18,822)	(1,572)	(2,625)	-	(833)	-	-	**(67,030)**
Computer software	(3,050)	(5,373)	(13)	(1,575)	(568)	(3,808)	(5,842)	(2,789)	(258)	(7,048)	(1,388)	(1,830)	(17,585)	**(51,127)**
Goodwill acquired	-	(1)	-	-	-	-	(71)	(7)	-	-	-	-	-	**(79)**
Asset usage rights	(1,222)	-	-	-	-	(13,495)	(3)	(20,387)	-	-	-	-	-	**(35,107)**
Other	(363)	(5,011)	(230)	-	-	(8,347)	(2,310)	(1,631)	-	(818)	-	-	-	**(18,710)**
Total accumulated amortisation	**(86,283)**	**(50,959)**	**(47,613)**	**(25,919)**	**(28,030)**	**(29,639)**	**(40,334)**	**(29,222)**	**(7,875)**	**(19,920)**	**(2,221)**	**(1,830)**	**(17,729)**	**(387,574)**
Total impairment losses	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	-	**(5,972)**	-	-	-	**(37,882)**
Total net value	**190,896**	**93,180**	**49,651**	**39,670**	**75,894**	**42,103**	**30,387**	**24,512**	**16,059**	**8,106**	**8,753**	**1,106**	**1,232**	**581,549**

6. Impairment of assets

The Parent's management reviews business performance by business type and by geographical area at the end of each year. Besides, the Parent's management performs an impairment test of the cash generating units where any impairment indicator exists at the date of these interim condensed financial statements.

At 30 June 2016, the Parent's Directors consider that there are no significant indications of impairment of any of the cash-generating units and, accordingly, no impairment losses have been recognised.

X

7. Property, plant and equipment

The changes in the first half of 2016 and in 2015 in the different property, plant and equipment accounts and in its related accumulated amortization and provision are as follows:

	30 June 2016 - Thousands of euros						
	Balance at 1 January 2016	Changes in the scope of consolidation (Note 3-c)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 30 June 2016
Cost:							
Land and buildings	161,450	-	2,060	(360)	(10)	(2,377)	160,763
Plant and machinery	237,254	168	8,200	(947)	2,308	(2,779)	244,204
Other fixtures, tools and furniture	67,060	19	1,653	(49)	839	(340)	69,182
Other items of property, plant and equipment	71,660	86	2,004	(955)	172	(1,607)	71,360
Advances and property, plant and equipment in the course of construction	9,739	-	6,905	(22)	(2,704)	(248)	13,670
Grants	(149)	-	-	43	-	-	(106)
Total cost	**547,014**	**273**	**20,822**	**(2,290)**	**605**	**(7,351)**	**559,073**
Accumulated amortisation:							
Land and buildings	(56,003)	-	(2,688)	191	-	582	(57,918)
Plant and machinery	(157,670)	(123)	(11,372)	664	(240)	1,565	(167,176)
Other fixtures, tools and furniture	(51,350)	(5)	(1,878)	40	(76)	263	(53,006)
Other items of property, plant and equipment	(71,289)	(49)	(3,281)	742	(198)	1,377	(72,698)
Total accumulated amortisation	**(336,312)**	**(177)**	**(19,219)**	**1,637**	**(514)**	**3,787**	**(350,798)**
Provision	**(1,495)**	**-**	**(175)**	**91**	**-**	**-**	**(1,579)**
Total net value	**209,207**	**96**	**1,428**	**(562)**	**91**	**(3,564)**	**206,696**

	31 December 2015 – Thousands of euros						
	Balance at 1 January 2015	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers (Note 5)	Changes in exchange rates and other	Balance at 31 December 2015
Cost:							
Land and buildings	143,626	583	6,291	(301)	4,260	6,991	161,450
Plant and machinery	213,701	4,180	18,785	(7,622)	1,601	6,609	237,254
Other fixtures, tools and furniture	63,965	(163)	3,434	(658)	(343)	825	67,060
Other items of property, plant and equipment	69,088	(80)	4,099	(6,665)	441	4,777	71,660
Advances and property, plant and equipment in the course of construction	7,349	2,235	7,142	(46)	(6,850)	(91)	9,739
Grants	(440)	-	-	292	-	(1)	(149)
Total cost	**497,289**	**6,755**	**39,751**	**(15,000)**	**(891)**	**19,110**	**547,014**
Accumulated amortisation:							
Land and buildings	(49,860)	-	(5,127)	293	48	(1,357)	(56,003)
Plant and machinery	(139,104)	1,154	(22,517)	7,212	197	(4,612)	(157,670)
Other fixtures, tools and furniture	(48,057)	106	(3,916)	638	473	(594)	(51,350)
Other items of property, plant and equipment	(64,944)	123	(8,372)	5,956	(309)	(3,743)	(71,289)
Total accumulated amortisation	**(301,965)**	**1,383**	**(39,932)**	**14,099**	**409**	**(10,306)**	**(336,312)**
Provision	**(1,176)**	**-**	**(750)**	**474**	**-**	**(43)**	**(1,495)**
Total net value	**194,148**	**8,138**	**(931)**	**(427)**	**(482)**	**8,761**	**209,207**

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.

8. Non-current financial assets

The main items included in this heading are disclosed in Note 8 to the consolidated financial statements for 2015.

In the first half of 2016 there have not been any significant changes with respect to the consolidated financial statements for 2015.

9. Trade receivables for sales and services, trade receivables from related parties and other receivables

The detail of these items at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of euros	
	30 June 2016	31 December 2015
Trade receivables for sales and services	261,114	301,194
Work in progress	133,000	100,877
Provision for doubtful debts	(28,420)	(27,843)
Trade receivables for sales and services	**365,694**	**374,228**
Trade receivables from related parties (Note 17)	9,155	9,779
Other receivables	22,065	16,647
Other accounts receivable from public authorities	4,688	6,731
Total trade and other receivables	**401,602**	**407,385**

The changes in the first half of 2016 and in 2015 in the allowance for doubtful debts were as follows:

	Thousands of euros
Balance at 1 January 2015	**22,635**
Additions	11,646
Amounts used	(2,507)
Disposals	(5,129)
Effect of exchange rate changes	1,198
Balance at 31 December 2015	**27,843**
Additions	3,158
Amounts used	(907)
Disposals	(1,271)
Effect of exchange rate changes	(403)
Balance at 30 June 2016	**28,420**

10. Equity

a) Share capital

At 30 June 2016 and at 31 December 2015, the Parent's share capital is represented by 130,016,755 fully subscribed and paid up ordinary shares of EUR 0.10 par value each.

According to notifications of the shareholdings submitted to the CNMV (Comisión Nacional del Mercado de Valores), 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 30 June 2016, are as follows:

Company	% share
	30/06/2016
Southeastern Asset Management, Inc.	15.63%
Threadneedle Asset Management Limited	9.02%
Harris Associates L.P	5.11%
Norges Bank	3.12%
FTIF-Franklin European Growth Fund	3.05%

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 be able to exercise a significant influence over the Parent.

At 31 December 2015, the Group had arranged to own a total of 807,199 treasury shares, of which 750,000 were arranged by an equity swap that matured in February 2016 (see Note 12 to the consolidated financial statements for 2015).

In March and May 2016 the Group delivered a total of 516,749 shares to one Board of Director member and certain executives, following in each case the timetable approved in the financial incentive plan arising from the flotation and the new incentive plan granted in 2015 (see Notes 19 and 29 to the consolidated financial statements for 2015).

At 30 June 2016, the Group owns a total of 290,450 treasury shares at an average cost of EUR 9.77 per share. The value of these treasury shares amounts to EUR 2,837 thousand and is recognised at 30 June 2016 under "Treasury Shares" in the accompanying interim condensed consolidated financial statements.

b) Reserves and share premium

The legal reserve at 30 June 2016 amounts to EUR 2,600 thousand which is equivalent to the 20% of capital.

The total amount of share premium at 30 June 2016 is EUR 313,525 thousand.

c) Distribution of profit

On 22 June 2016, the shareholders at the Annual General Meeting of the Parent Company resolved to allocate EUR 34,783 thousand of the Parent's profit for 2015 to dividends for a value of EUR 16,902 thousand and to unrestricted reserves for a value of EUR 17,881 thousand.

The resulting distributed amount is, therefore, 0.13 euros per share for all shares with the right to receive dividends.

On 15 July 2016, this dividend was paid.

d) *Profit per share*

The profit per share is calculated dividing the profit attributable to the shareholders of the Parent by the average number of ordinary shares in circulation in the year excluding the average number of treasury shares. At 30 June 2016 and 30 June 2015 the profit per share is as follows:

	30/06/2016	30/06/2015
Number of shares	130,016,755	130,016,755
Average number of shares	130,016,755	130,016,755
Consolidated net profit attributable to the Parent (thousands of euros)	17,545	25,235
Number of treasury shares	290,450	57,199
Number of shares in circulation	130,016,755	130,016,755
Profit per share (in euros per share)		
- Basic	0.135	0.194
- Diluted	0.135	0.194

There are no financial instruments that could dilute the earnings per share.

e) *Foreign currency translation reserve*

The detail of "Foreign currency translation reserve" in the interim condensed consolidated statement of financial position at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of euros	
	30/06/2016	31/12/2015
Applus+ Energy & Industry	(4,371)	3,096
Applus+ Laboratories	(2)	134
Applus+ Automotive	(39,654)	(44,735)
Applus+ IDIADA	749	1,064
Others	5,293	7,319
Total	**(37,985)**	**(33,122)**

f) *Non-Controlling interests*

"Non-Controlling interests" in the interim condensed consolidated statement of financial position at 30 June 2016 and 31 December 2015 reflects the equity of the non-controlling shareholders in the consolidated companies. Also, the balance of "Profit Attributable to Non-Controlling interests" in the interim condensed consolidated statement of profit or loss reflects the share of these non-controlling interests in the interim condensed consolidated statement of profit or loss.

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

	30 June 2016 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	13,461	194	13,655
IDIADA Automotive Technology, S.A. subgroup	10,232	1,932	12,164
Arctosa Holding B.V. subgroup	91	59	150
Velosi S.à r.l. subgroup	15,801	2,112	17,913
Applus Iteuve Technology, S.L.U. subgroup	67	102	169
Total non-controlling interests	**39,652**	**4,399**	**44,051**

	2015 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	12,644	912	13,556
IDIADA Automotive Technology, S.A. subgroup	7,221	3,228	10,449
Arctosa Holding B.V. subgroup	2	93	95
Velosi S.à r.l. subgroup	17,524	5,301	22,825
Applus Iteuve Technology, S.L.U. subgroup	66	154	220
Total non-controlling interests	**37,457**	**9,688**	**47,145**

11. Bank borrowings

The detail, by maturity, of the bank borrowings at 30 June 2016 and 31 December 2015 in the interim condensed consolidated statement of financial position is as follows:

	30 June 2016 - Thousands of euros							
			Non-current maturity					
	Limit	**Current maturity**	2017	2018	2019	2020	2021 onwards	**Total**
Syndicated loan	**892,095**	**3,703**	-	-	-	733.932	-	**733,932**
Other loans	-	**1,627**	814	1.627	781	-	-	**3,222**
Credit facilities	**127,608**	**21,512**	-	-	-	-	-	-
Obligations under finance leases	-	**1,302**	496	904	307	181	251	**2,139**
Total	**1,019,703**	**28,144**	**1,310**	**2,531**	**1,088**	**734,113**	**251**	**739,293**

	2015 - Thousands of euros						
			Non-current maturity				
	Limit	**Current maturity**	2017	2018	2019	2020	**Total**
Syndicated loan	**904,054**	**1,854**	-	-	-	764,946	**764,946**
Other loans	-	**3,775**	2.112	30	-	-	**2,142**
Credit facilities	**147,919**	**38,333**	-	-	-	-	-
Obligations under finance leases	-	**1,957**	277	12	3	-	**292**
Treasury shares	-	**6,585**	-	-	-	-	-
Total	**1,051,973**	**52,504**	**2,389**	**42**	**3**	**764,946**	**767,380**

a) Syndicated loan

On 26 June 2015, the Group refinanced the syndicated loan under an Amend and Extend agreement, improving the conditions of the prior agreement. The refinancing relates to the improved credit market conditions since the loan was placed in May 2014. The main changes in the financing are the reduction in the interest rate margin, the covenant and the maturity. The covenant on the financial leverage ratio (being defined as consolidated net financial debt/consolidated EBITDA) of up to a maximum of 4.5 times was extended for the next two years until June 2017. The extension of the maturity of the debt was by one year to June 2020. The reduction in the interest rate margin was between 50 and 60 basis points, depending on the financial leverage, decreasing from 2,25% to 1,65%.

The interest rate of the loan is Euribor for tranches in Euros and Libor for tranches in foreign currencies plus a margin depending on the level of debt, which currently stands at 1.65%.

The two tranches have a single maturity on 26 June 2020.

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

At 30 June 2016

	Thousands of euros		
Tranche	Limit	Amount drawn + interest added to principal	Maturity
Facility A	742,095 (*)	695,733	26/06/2020
Facility B	150,000	-	26/06/2020
Effect of exchange rate changes	-	46,362	
Interest	-	3,703	
Debt arrangement expenses	-	(8,163)	
Total	**892,095**	**737,635**	

At 31 December 2015

	Thousands of euros		
Tranche	Limit	Amount drawn + interest added to principal	Maturity
Facility A	754,054 (*)	695,733	26/06/2020
Facility B	150,000	20,000	26/06/2020
Effect of exchange rate changes	-	58,321	
Interest	-	1,854	
Debt arrangement expenses	-	(9,108)	
Total	**904,054**	**766,800**	

(*) Facility A includes three tranches with different limits depending on the currency: EUR 478.9 million, USD 268 million y GBP 20.1 million.

Of the "Facility A", at 30 June 2016, the Group had drawn down a portion of the principal in US dollars, USD 268 million (being approximately at closing rate 30 June 2016: EUR 237.6 million) a portion of the principal in sterling, GBP 20.1 million (being approximately at closing rate 30 June 2016: EUR 25.6 million), and a part of the principal in Euros amounting to EUR 478.9 million.

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

The syndicated loan agreement contains a financial covenant relating to the achievement of a financial leverage ratio, defined as consolidated net financial debt/consolidated EBITDA, that must not exceed the values set for each half year throughout the term of the loan and detailed below:

- Up to 4.5 times until 30 June 2017 (inclusive).

- Up to 4.0 times from 31 December 2017 (inclusive) to the maturity of the syndicated loan.

Therefore as at 30 June 2016, the financial leverage ratio must be lower than 4.5 times. The actual ratio as defined in the syndicated loan agreement and based on the interim condensed consolidated financial statements as at 30 June 2016 is 3.3, according to the calculations established within the agreement.

The Parent's Directors expect the financial leverage ratio covenant to be met in the coming years.

The Group also has certain obligations under the syndicated loan agreement which relate mainly to disclosure requirements concerning its financial statements and negative undertakings to 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

Additionally, shares of certain Applus Group subsidiaries have been pledged to secure the syndicated loan.

b) Credit facilities and other loans

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

12. Financial risks and derivative financial instruments

The Applus Group did not have any derivative financial instrument at 30 June 2016.

In October 2014 the Group arranged an equity swap with a bank to hedge the acquisition cost of 550,000 treasury shares that the Group had an obligation to deliver to two Board of Director members and certain executives. This agreement matured in April 2015 and in May 2015 the Group delivered a total of 492,801 shares.

In July 2015 the Group arranged an equity swap with a bank for the acquisition cost of 750,000 treasury shares, to be delivered to one Board of Director member and certain executives. The equity swap gave rise to a cost of EUR 6,585 thousand at 31 December 2015. At 29 February 2016, the equity swap matured.

On March 2016 and May 2016, the Parent delivered a total of 516,749 shares to one Board Member and certain executives (see Note 18).

At 30 June 2016, the treasury shares recognised in the interim condensed consolidated financial statements amounting to EUR 2,837 thousand correspond to the shares acquired through the aforementioned equity swap that have not been delivered yet. The treasury shares amounts to 290,450 shares (see Note 10-a).

The financial risks to which the Group is exposed are the same as those indicated in Note 16 to the consolidated financial statements for 2015.

13. Income and expenses

a) Staff costs

The detail of "Staff costs" in the accompanying interim condensed consolidated statement of profit or loss is as follows:

	Thousands of euros	
	30 June 2016	30 June 2015
Wages, salaries and similar expenses	333,209	347,172
Severances	1,690	1,101
Employee benefit costs	47,309	46,718
Other staff costs	33,951	38,717
Total	**416,159**	**433,708**

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

	Average number of employees		
	First half of 2016		
Professional category	Men	Women	Total
Top management	161	28	189
Middle management	358	77	435
Supervisors	984	237	1,221
Operational employees and others	12,927	3,608	16,535
Total	**14,430**	**3,950**	**18,380**

	Average number of employees		
	First half of 2015		
Professional category	Men	Women	Total
Top management	173	24	197
Middle management	362	92	454
Supervisors	1,431	335	1,766
Operational employees and others	13,297	2,989	16,286
Total	**15,263**	**3,440**	**18,703**

Also, the headcount at the end of the first half of 2016 and 2015, by category and gender, is as follows:

	Numbers of employees		
	30 June 2016		
Professional category	Men	Women	Total
Top management	157	27	184
Middle management	363	75	438
Supervisors	968	241	1,209
Operational employees and others	13,274	3,714	16,988
Total	**14,762**	**4,057**	**18,819**

Professional category	Numbers of employees 30 June 2015		
	Men	Women	Total
Top management	167	24	191
Middle management	358	89	447
Supervisors	1,179	296	1,475
Operational employees and others	13,815	3,145	16,960
Total	**15,519**	**3,554**	**19,073**

b) Financial result

The detail, by nature, of the financial result in the first half of 2016 and 2015 is as follows:

	Thousands of euros	
	30 June 2016	30 June 2015
Finance income:		
Other finance income with third parties	757	782
Exchange differences	-	1,011
Total finance income	**757**	**1,793**
Finance costs:		
Borrowing costs relating to syndicated loan	(7,245)	(9,510)
Other finance costs paid to third parties	(2,844)	(3,254)
Exchange differences	(2,041)	-
Total finance costs	**(12,130)**	**(12,764)**
Financial result	**(11,373)**	**(10,971)**

14. Corporate income tax

14.1 Deferred tax assets

The detail of the deferred tax assets at 30 June 2016 and 31 December 2015 is as follows:

	Thousands of euros	
	30 June 2016	31 December 2015
Tax credit for tax loss carryforwards	45,370	45,179
Withholdings taxes and other unused tax credits	13,186	11,511
Temporary differences	27,137	28,665
Total deferred tax assets	**85,693**	**85,355**

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

14.2 Deferred tax liabilities

"Deferred Tax Liabilities" of the accompanying interim condensed consolidated statement of financial position at 30 June 2016 and at 31 December 2015 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 106,118 thousand (31 December 2015: EUR 110,513 thousand), see Note 5 to the Consolidated Financial Statements for the year ended 31 December 2015.

- A deferred tax liability associated with the recognition at fair value of the assets identified with the combination of other five businesses of other Group companies, amounting to EUR 14,528 thousand (31 December 2015: EUR 15,695 thousand), see Note 5 to the Consolidated Financial Statements for the year ended 31 December 2015.

- Deferred tax liabilities of EUR 26,127 thousand arising as a result of differences in the amortisation or depreciation of assets, measurement of assets, and goodwill for tax and accounting purposes (31 December 2015: EUR 25,480 thousand).

- The deferred taxes of the amortisation of goodwill paid on the acquisition of foreign companies amounting to EUR 3,829 thousand (31 December 2015: EUR 3,440 thousand).

- Other deferred tax liabilities amounting to EUR 5,337 thousand (31 December 2015: EUR 6,189 thousand).

14.3 Years open for review and tax audits

The Spanish companies have open for potential review from year 2012 onwards for all taxes applicable to them. The foreign companies have the last few years open for potential review in accordance with the legislation in force in each of their respective countries and all the inspections in course. The Parent's Directors do not expect any additional material liabilities to arise in the event of a tax audit.

The main inspection procedures and tax risks to which the Group is exposed are disclosed in Note 20 to the consolidated financial statements for 2015. There are no significant developments in the first half of 2016 with respect to the main inspection procedures in progress, except for the following:

On 19 May 2016, the Finnish Supreme Court dismissed the appeal filed by the Group against the judgment handed down by the Administrative Court, which declared the interest arising from the transfer of costs for accounting purposes applied in the tax returns for 2008 and 2009 filed by the branch the Group has in Finland to be non-deductible. The financial consequences of this resolution amounted to EUR 3,430 thousand, which were paid by the Group in June 2016. At 31 December 2015 this expense was provisioned in full and, accordingly, the resolution did not have an impact on the accompanying interim condensed consolidated statement of profit or loss. There have been no developments in relation to the other years being audited for the same matter in Finland with respect to the situation at 31 December 2015. The possible economic consequences for the Group, based on the years audited that are still pending and the open years, total EUR 7.7 million, for which a provision was recognised under "Long-Term Provisions" in the accompanying interim condensed consolidated financial statements.

15. Segmental information

a) Financial information by business segment

At 31 December 2015, the Group operated through five operating divisions. On 1 January 2016, the Group integrated the Applus+ Velosi-Norcontrol and Applus+ RTD business into Applus+ Energy & Industry, therefore the financial information by segment is presented jointly in 2016 and 2015.

The financial information, by segment, in the interim condensed consolidated statement of profit or loss in the first half of 2016 and 2015 is as follows (in thousands of euros):

First half of 2016

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenues	517,104	28,518	151,661	86,270	102	783,655
Operating expenses	(470,081)	(23,900)	(111,338)	(71,708)	(17,156)	(694,183)
Operating Result before amortisation, impairment and other results	**47,023**	**4,618**	**40,323**	**14,562**	**(17,054)**	**89,472**
Asset amortisation	(23,800)	(2,638)	(16,587)	(4,446)	(787)	(48,258)
Impairment and results from disposal of fixed assets	195	(7)	(7)	-	8	189
Other results	(204)	-	-	-	-	(204)
Operating Result	**23,214**	**1,973**	**23,729**	**10,116**	**(17,833)**	**41,199**

First half of 2015

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenues	604,493	26,988	151,713	77,066	119	860,379
Operating expenses	(542,724)	(22,912)	(110,494)	(63,906)	(18,564)	(758,600)
Operating Result before amortisation, impairment and other results	**61,769**	**4,076**	**41,219**	**13,160**	**(18,445)**	**101,779**
Asset amortisation	(24,892)	(2,750)	(16,237)	(4,141)	(396)	(48,416)
Impairment and results from disposal of fixed assets	(265)	(788)	(11)	(5)	(1)	(1,070)
Other results	(560)	(70)	(764)	-	-	(1,394)
Operating Result	**36,052**	**468**	**24,207**	**9,014**	**(18,842)**	**50,899**

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

The non-current assets and liabilities, by business segment, at 30 June 2016 and at the end of 2015 are as follows (in thousands of euros):

30 June 2016

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	254,682	32,014	183,972	56,244	1,268	528,180
Other intangible assets	250,944	23,787	238,003	41,181	1,278	555,193
Tangible assets	79,536	11,509	94,959	20,357	335	206,696
Non-current financial assets	10,958	97	1,963	1,215	411	14,644
Deferred tax assets	29,518	785	9,396	1,847	44,147	85,693
Total non-current assets	**625,638**	**68,192**	**528,293**	**120,844**	**47,439**	**1,390,406**
Total liabilities	**282,587**	**25,511**	**154,806**	**59,462**	**785,739**	**1,308,105**

31 December 2015

	Applus+ Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	254,476	32,129	183,972	56,130	1,281	527,988
Other intangible assets	263,943	24,512	249,759	42,103	1,232	581,549
Property, plant and equipment	81,995	12,167	94,628	20,070	347	209,207
Non-current financial assets	10,597	126	1,991	879	373	13,966
Deferred tax assets	24,343	899	9,719	1,945	48,449	85,355
Total non-current assets	**635,354**	**69,833**	**540,069**	**121,127**	**51,682**	**1,418,065**
Total liabilities	**293,647**	**26,041**	**151,630**	**64,678**	**840,447**	**1,376,443**

The bank borrowings are allocated to the "Other" segment as it is centrally borrowed (see Note 11).

The additions to intangible assets and property, plant and equipment in the first half of 2016 and 2015 are as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Capex first half of 2016	11,537	1,499	7,143	4,046	755	**24,980**
Capex first half of 2015	10,316	1,840	6,238	4,219	325	**22,938**

b) Segment reporting by geography:

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

The sales in the first half of 2016 and 2015, by geographical area, are as follows:

	Thousands of euros	
	30/06/2016	30/06/2015
Spain	149,838	141,007
Rest of Europe	231,268	233,285
United States and Canada	150,509	182,732
Asia and Pacific	93,146	106,532
Middle East and Africa	90,294	119,619
Latin America	68,600	77,204
Total	**783,655**	**860,379**

The non-current assets, by geographical area, at 30 June 2016 and 31 December 2015, 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
30 June 2016	659,348	323,699	264,645	9,535	86,230	46,949	**1,390,406**
31 December 2015	672,129	335,196	272,658	9,871	85,902	42,309	**1,418,065**

16. Non-current provisions, obligations acquired and contingencies

a) Non-current provisions

The detail of "Non-current Provisions" at 30 June 2016 and 31 December 2015 is as follows (in thousands of euros):

	30 June 2016	31 December 2015
Long-term employee obligations	7,722	7,686
Other	16,106	21,202
Non-current Provisions	**23,828**	**28,888**

The changes in "Non-current Provisions" in the first half of 2016 and in 2015 are as follows:

	Thousands of euros
Balance at 1 January 2015	**29,329**
Additions	3,578
Amounts used	(4,692)
Effect of exchange rate changes	673
Balance at 31 December 2015	**28,888**
Additions	684
Amounts used	(5,450)
Effect of exchange rate changes	(294)
Balance at 30 June 2016	**23,828**

The provisions recognized 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 the parent's management and by the Executives of the subsidiaries, with the assistance of their advisors, considering the specific circumstances of each case.

b) Guarantees and obligations acquired

The main guarantees which the Group have provided are disclosed in Note 27-a to the consolidated financial statements for 2015.

In the first half of 2016 there have not been any significant changes in the guarantees provided with respect to the consolidated financial statements for 2015.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position at 30 June 2016 to arise as a result of the transactions described in Note 27-a to the consolidated financial statements for 2015.

c) Contingencies

The main contingencies to which the Group are exposed are disclosed in Note 27-b to the consolidated financial statements for 2015.

The only development in the first half of 2016 is as follows:

Auto Cataluña

In the judgement of 21 April 2016 and subsequent court order of 24 May 2016 and another judgement of 6 May 2016, the Supreme Court upheld the cassation appeals filed by the Group against two judgments of the High Court of Justice of Catalonia (TSJC) of 25 April 2012, and confirmed that the European Directive of Services is not applicable to the vehicle roadworthiness testing regime, thus confirming the validity of the Catalan authorisation regime and the regional plan approved by Catalonia Decree 45/2010, of 30 March, and the licences granted to the former roadworthiness testing concession operators, which include Applus. As the Court of Justice of the European Union had previously indicated in its judgment of 15 October 2015, the Supreme Court also declared null and void the restrictions on the market share limit and minimum distance requirements between stations operated by the same operator.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position at 30 June 2016 to arise as a result of the transactions described in this Note.

17. Transactions and balances with related parties

In relation to the information in this section, related parties are considered to be:

- The significant shareholders of the Parent Company 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 Parent's 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 Chief Executive Officer (CEO) of the Group.

- Associates of the Group.

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

Transactions between the Group and its related parties are carried out at arm's length and under market conditions and are broken down as follows:

Transactions with related parties

In the first half of 2016 and 2015 the Parent and its subsidiaries have performed the following transactions with related parties:

	Thousands of euros							
	First half of 2016				First half of 2015			
	Revenues	Procure-ments	Personnel expenses	Other expenses and services	Revenues	Procure-ments	Personnel expenses	Other expenses and services
Kurtec Pipeline Services, Ltd.	-	-	-	-	-	-	-	-
Kurtec Pipeline Services, LLC	-	-	-	-	-	-	-	(182)
Velosi LLC (Oman)	2,574	(392)	-	(29)	2,405	(288)	(21)	(55)
Velosi (M) Sdn Bhd	3,127	(90)	-	9	4,738	(539)	-	-
Total	**5,701**	**(482)**	**-**	**(20)**	**7,143**	**(827)**	**(21)**	**(237)**

The transactions with related parties refer to commercial transactions. The Group also has a license agreement with Velosi (M) Sdn Bhd for the use of the Velosi brand.

The Group's transactions and balances with other related parties (Directors and Senior Executives) are disclosed in Note 18.

During the first semester of 2016 and 2015 there have not been any transactions nor are there any significant amounts outstanding with significant shareholders.

Balances with related parties

a) Receivables from related parties:

	Thousands of euros	
	Trade receivables from related parties	
	30 June 2016	31 December 2015
Velosi LLC	2,173	1,805
Velosi (B) Sdn Bhd	65	132
Kurtec Pipeline Services Ltd	-	80
Kurtec Pipeline Services LLC	-	78
Velosi (M) Sdn Bhd	6,917	7,684
Total	**9,155**	**9,779**

b) Payables to related parties:

	Thousands of Euros	
	Trade and other payables to related parties	
	30 June 2016	31 December 2015
Velosi LLC	330	613
Velosi (B) Sdn Bhd	3	3
Velosi (M) Sdn Bhd	1,897	1,882
Total	**2,230**	**2,498**

18. Disclosures on the Board of Directors and Senior Executive

Remuneration and obligations to the Board of Directors

In the first six-month period of 2016 the remuneration and other benefits earned by the members of the Parent's Board of Directors amounted to EUR 803 thousand (in the first six-month period of 2015: EUR 761 thousand). This amount does not include the economic incentive in Restricted Stock Units (RSUs) detailed below.

On 9 May 2016, the Executive Director received 218 thousand shares in accordance with the agreed-upon terms and conditions of the Incentive Plan detailed in Note 29 of the consolidated financial statements for 2015. This amount of 218 thousand shares is the result of deducting the withholding tax on the gross amount agreed upon in the Incentive Plan approved in the moment of the initial public offering of shares in the Spanish Stock Market, always subject to the continuation of the employment relationship at the company, of 393 thousand RSUs which can be converted into shares on 9 May 2016 in accordance with the vesting schedule described in Note 29 to the consolidated financial statements for 2015.

In accordance with IFRSs, the impact on interim condensed consolidated statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on flotation), i.e. EUR 14.5 per share. Therefore, the annual impact amounts to EUR 5,698 thousand (the impact on these half-yearly interim consolidated financial statements amounts to EUR 2,849 thousand).

Also, on 22 June 2016 the shareholders at the Parent's General Meeting approved a new long-term incentive plan whereby the Executive Director will receive "Performance Stock Units" (PSUs) that can be converted into shares of the Parent within a period of three years from the grant of the PSUs. The first conversion is scheduled to be in February 2019. The number of convertible PSUs will have a value of between 0 and 120% of the fixed remuneration of the Executive Director on the basis of the level of achievement of certain financial metrics described in the agreement.

At 30 June 2016, the Parent's Board of Directors was made up of six men (nine men at 31 December 2015).

Remuneration and obligations to the Senior Executive

The remuneration paid to the Group's Senior Executive, excluding the Executive Director, in the first half of 2016 amounted to EUR 1,810 thousand (30 June 2015: EUR 1,564 thousand), the detail of which is as follows:

First half of 2016

	Thousands of euros				
	Fixed Remuneration	Variable Remuneration	Other Amounts	Severance	Pension Plan
Management Team	1,245	392	133	-	40

First half of 2015

	Thousands of euros				
	Fixed Remuneration	Variable Remuneration	Other Amounts	Severance	Pension Plan
Management Team	1,026	345	171	-	22

On January 2016, two new executives have been incorporated to the Group's Senior Executive and at the same time one executive has left the Group's Senior Executive.

This amount does not include the economic incentive in Restricted Stock Units (RSUs) detailed below.

On March and May 2016, Senior Executive received 223 thousand shares in accordance with the agreed-upon terms and conditions of the Incentive Plan approved in the moment of the initial public offering of shares in the Spanish Stock Market and the additional RSUs delivering, both detailed in Note 29 of the consolidated financial statements for 2015. This amount of 223 thousand shares is the result of deducting the withholding tax to each Senior Executive on the gross amount agreed upon in both plans of 483 thousand RSUs which can be converted into shares on March and May 2016, always subject to the continuation of the employment relationship at the company, in accordance with the vesting schedule described in Note 29 to the consolidated financial statements for 2015.

Pursuant to IFRSs, the impact on the interim condensed consolidated statement of profit or loss is the number of gross RSUs multiplied by the share price when the plan was arranged, being the annual cost amounts to EUR 6,922 thousand. Of the EUR 6,922 thousand, provisions were recognised in December 2015 for EUR 1,331 thousand relating to the vesting in 2016 of the RSUs of one of the Group's executives (see Note 29 to the consolidated financial statements for 2015). Therefore, the annual cost in 2016 amounts to EUR 5,592 thousand (cost for the six-month period of these interim condensed consolidated financial statements is EUR 2,796 thousand).

At 23 February 2016, the Nomination and Remuneration Committee approved, and the Parent's Board of Directors ratified, the delivery to management of additional 107 thousand RSUs to the Group's Senior Executive within the period 2017, 2018 and 2019, always subject to the continuation of the employment relationship at the company, in accordance with the vesting schedule described in Note 29 to the consolidated financial statements for 2015.

The difference between the expense, considering the Board of Directors and Senior Executive, and the actual cost for the company of the acquisition of the shares delivered is accounted for in equity as higher reserves, in this case EUR 4,929 thousand.

At 30 June 2016, Senior Executive was made up of ten men and a woman (nine men and a woman at 31 December 2015).

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

19. Events after the reporting period

There are no other significant events after the reporting date.

20. Explanation added for translation to English

These notes to the Interim Condensed 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.

Applus Services, S.A.
and Subsidiaries

Management Report to the Interim Condensed Consolidated Financial Statements for the first half of 2016

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 other results.

Organic revenue and profit growth are calculated 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 period average rates used for the income statements and applying them to the results in the prior period.

This announcement should be read alongside the Interim Condensed Consolidated Financial Statements at 30 June 2016.

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

EUR Million	H1 2016			H1 2015			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	**783.7**	-	**783.7**	**860.4**	-	**860.4**	**(8.9)%**
Ebitda	**95.0**	**(5.5)**	**89.5**	**108.0**	**(6.2)**	**101.8**	**(12.0)%**
Operating Profit	**70.6**	**(29.3)**	**41.2**	**83.1**	**(32.2)**	**50.9**	**(15.1)%**
Net financial expenses	(11.4)	0.0	(11.4)	(11.0)	0.0	(11.0)	
Share of profit of associates	0.9	0.0	0.9	1.0	0.0	1.0	
Profit Before Taxes	**60.1**	**(29.3)**	**30.7**	**73.2**	**(32.2)**	**40.9**	**(17.8)%**
Income tax	(14.3)	5.5	(8.8)	(18.2)	7.4	(10.8)	
Non controlling interests	(4.4)	0.0	(4.4)	(4.9)	0.0	(4.9)	
Net Profit	**41.4**	**(23.8)**	**17.6**	**50.0**	**(24.8)**	**25.3**	**(17.3)%**
Number of Shares	130,016,755		130,016,755	130,016,755		130,016,755	
EPS, in Euros	**0.32**		**0.14**	**0.38**		**0.19**	**(17.3)%**

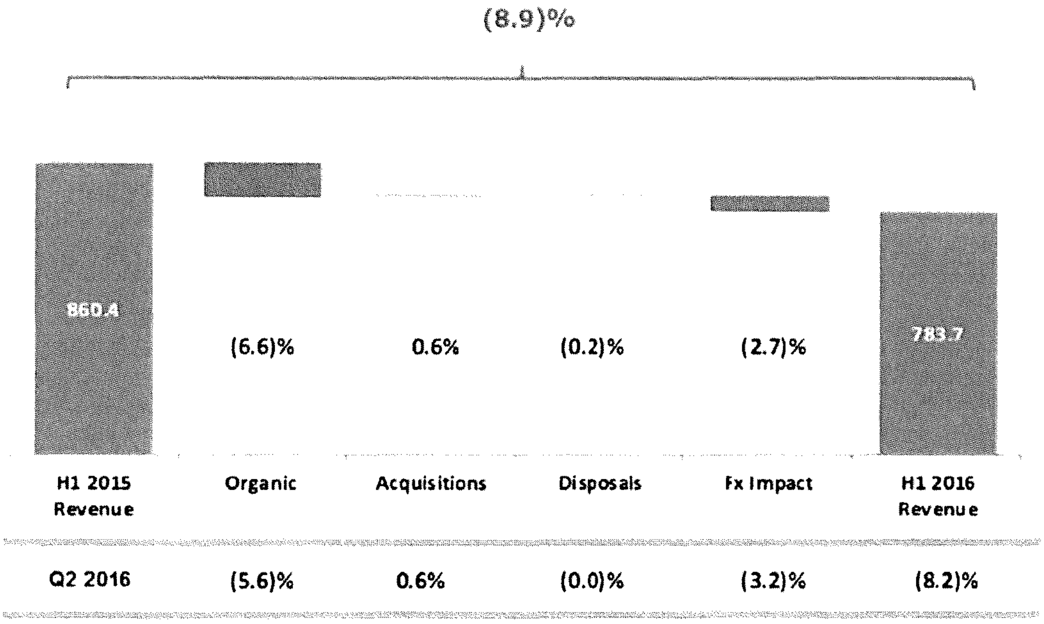
The figures shown in the table above are rounded to the nearest €0.1 million.

The comparative figures for H1 2015 shown in the table above have been restated from those previously reported due to an increase in amortisation in acquisition intangibles by €0.8 million as permitted by International Financial Reporting Standards (IFRS) within a 12 month period of an acquisition. This is further explained in note 2.c of the Financial Statements presented as at 30 June 2016.

Other results of €29.3 million (H1 2015: €32.2m) in the Operating Profit represent €5.5 million (H1 2015: €6.2m) for the charge of the historical management incentive plan as disclosed at the IPO affecting EBITDA, amortisation of acquisition intangibles of €23.8 million (H1 2015: €23.5m) and in the first half of 2015 only, other costs that are primarily related to the acquisitions and disposals of €2.5m. Tax of €5.5 million (H1 2015 €7.4m) relates to the tax impact on Other results.

Revenue decreased by 8.9% to €783.7 million in the half year period ended 30 June 2016 compared to the same period in the prior year.

The revenue bridge in € million for the half year is shown below.

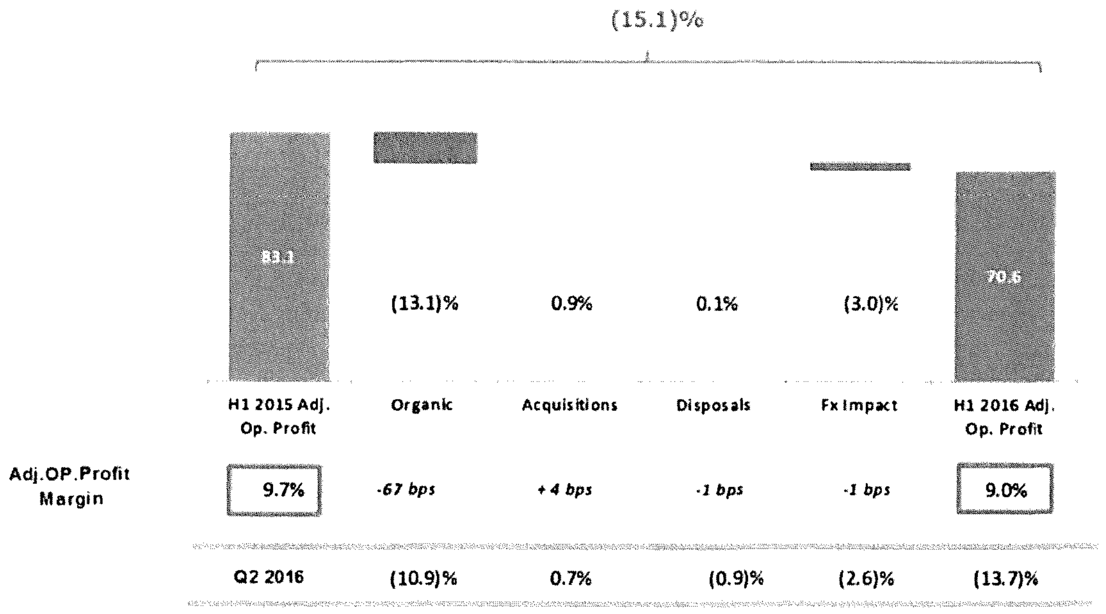


Organic revenue was down 6.6% for the first half with a modest improvement in performance in the second quarter with a 5.6% decline compared to the first quarter decline of 7.6%.

The decrease in reported revenue for the half year came primarily from the decline in organic revenue of 6.6% plus the negative impact of foreign currency translation of 2.7%. Additional revenue of 0.6% came from the last three acquisitions made: Caparo Testing Technologies in the UK; SKC Engineering in Canada and; Aerial Photography Specialist in Australia. Revenue reduction of 0.2% relates to the disposal of the non-core Applus+ RTD business in Denmark that was sold last year and had an immaterial impact on the second quarter revenue.

The adjusted operating profit decreased by 15.1% to from €83.1 million to €70.6 million for the half year ended 30 June 2016 compared to the same period in the prior year.

The adjusted operating profit bridge in € million for the half year is shown below.



The adjusted operating profit margin decreased by 70 bps to 9.0% for the period. The margin decline was mainly due to the decrease in organic revenue and price pressure coming from the oil and gas business.

The statutory operating profit decreased by 19.1% from €50.9 million to €41.2 million in the half year as a result of the adjusted operating profit decrease.

The net financial expense increased in the period from €11.0 million in the first half of 2015 to €11.4 million this half as a result of a negative currency impact of €2.0 million taken in financial expenses against a €1.0 million currency benefit in the first half of last year. For the second half of 2016, the net financial expenses are expected to be at least equal or slightly lower than the level in the second half of 2015 depending on the final foreign exchange impact.

The effective tax charge on the adjusted profit before tax was €14.3 million (H1 2015: €18.2m) giving a rate of 23.8% (H1 2015: 24.9%). The rate on the adjusted operating profit was 20.2% (H1 2015: 21.9%). The reported tax charge was €8.8 million (H1 2015: €10.8m) and this rate on the reported profit before tax was 28.7% (H1 2015: 26.4%).

The adjusted earnings per share was €0.32 which is a decrease of 17.3% on the prior year. This was mainly due to the decrease in the adjusted operating profit.

Capital expenditure on expansion of existing and into new facilities was €25.0 million (H1 2015: €22.9m) which represents 3.2% (H1 2015: 2.7%) of Group revenue. The increase in capital expenditure despite the decrease in revenue was mainly in the Automotive division where new stations have been built in new and existing regions.

Cash flow was strong in the period, with adjusted operating cash flow (after capital expenditure) of €46.7 million being 24.4% higher than the same period as last year. Adjusted free cash flow was €28.7 million just over double that generated in the same period last year. The main reason for this strong cash flow performance is due to a considerably lower working capital outflow compared to last year as a result of lower revenue in the oil and gas business.

The financial leverage of the group at the period end, measured as Net Debt to last twelve months Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) and as defined by the bank covenant, was 3.3x. This is the same ratio as this time last year and only slightly higher than the leverage at 31 December 2015 (3.1x). The covenant is tested twice a year and is set at 4.5x until June 2017 after which it falls to 4.0x.

Outlook

For the full year it is expected that the Group organic revenue growth will be down mid-single digits at constant exchange rates and the margin will continue to be under pressure.

Whilst Applus+ continues to weather the substantial oil and gas headwinds, it is confident that it is well positioned to benefit from the structural growth drivers across its end markets in the medium term.

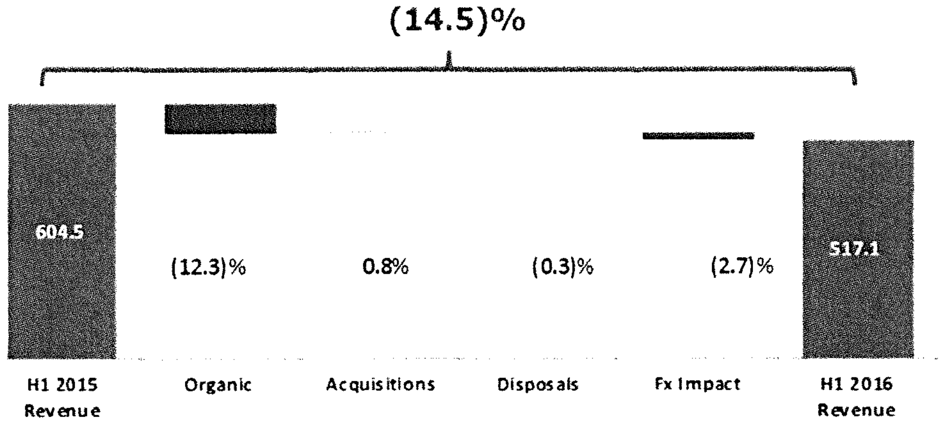
Operating review by division

Applus+ Energy & Industry

Applus+ Energy & Industry is a leading global provider of non-destructive testing, inspection, quality assurance and control, project management, vendor surveillance, site inspection, certification and asset integrity services as well as manpower services to the oil and gas, aerospace, power, utilities, telecommunications, minerals and civil infrastructure sectors.

The division was formed at the start of 2016 by the integration of Applus+ RTD and Applus+ Velosi-Norcontrol. These were originally three separate divisions that had operated independently, but with the increasing overlap of a number of end markets and customers and a complementary geographic and service portfolio, the Group will be able to maximise the growth opportunities through aligned marketing and branding, business line and key account managers. This reorganisation is also providing simplification, immediate cost savings and further longer term cost efficiencies. The division is sub-divided into four geographic regions: North America; Latin America; Northern Europe and; Southern Europe, Africa, Middle East and Asia Pacific.

Revenue growth bridge in € million:



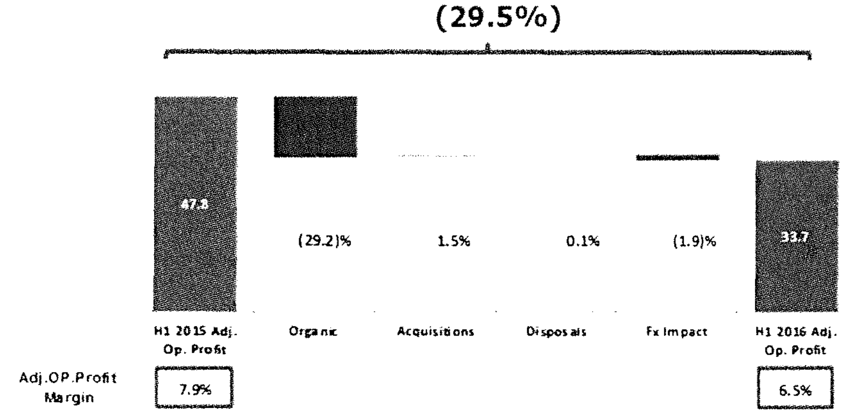
The revenue in the division declined by 14.5% to €517.1 million. At constant exchange rates, organic revenue declined by 12.3% for the period of which 14.0% was in Q1 and 10.7% was in Q2.

Revenue of 0.8% came from three recent acquisitions. The largest was Caparo Testing Technologies in the UK which provides non-destructive testing services to the aerospace industry. SKC Engineering was purchased in Canada and provides inspection and non-destructive testing services across a diversified client base including power and civil infrastructure. Aerial Photography Specialist was purchased at the start of 2016 and is an Australian company that specialises in using Unmanned Aerial Vehicles (drones) for inspection. These acquisitions are performing in line with the plan.

The disposal of the non-core Applus+ RTD business in Denmark that was sold in the second half of last year reduced revenue by 0.3%.

There was a negative foreign currency translation impact of 2.7% on revenue mainly due to the weak [Canadian dollar and Latin American] currencies against the euro.

Adjusted operating profit growth bridge in € million:



The adjusted operating profit declined by 29.5% from €47.8 million to €33.7 million in the period resulting in a margin decrease of 140 bps. The margin decrease was as a result of the negative operating leverage coming from reduced revenue as well as pressure on prices for new and renewed contracts in the oil and gas market. This margin fall has been mitigated by tight cost control and the ongoing divisional restructuring.

Revenue from services to the oil and gas industry, which at the end of the period accounted for approximately [two thirds] of the revenue of the division, was down double digits on an organic constant currency basis.

Other end markets including power, construction, [mining], aerospace and telecom, performed well and grew at a mid-single digit rate.

North America which accounts for approximately 25% of the division by revenue and is mainly exposed to the oil and gas sector, is the region that continues to suffer the most although the decline in revenue in the second quarter was less than the first. The fires in and around Fort McMurray that forced a shut-down on many industries materially impacted the revenue and profit for the region. This is expected to recuperate during the remainder of the year.

Latin America, which accounts for approximately 10% of the division by revenue has a more diversified end market and grew well with organic revenue at constant exchange rates at high single digits for the half year especially following the ramp up of business into new countries. This revenue growth was however more than offset by the impact of currency translation.

In Northern Europe which accounts for approximately 18% of the division by revenue, the decline in revenue in the second quarter was also less than in the first. Activity levels from downstream companies' recurrent operational expenditure was stable, but this was offset by lower activity for oil and gas in the North Sea and fewer one-off projects in the region including refinery shut-downs.

In Southern Europe, Africa, Middle East, Asia & Pacific which is the largest of the four regions by revenue accounting for approximately 47% of the division, the rate of decline in the second quarter was similar to the first. Spain grew at double digits continuing the strong growth trend. Italy performed well winning new global vendor surveillance and technical staffing contracts. In Africa and the Middle East, revenue fell materially as a result of a reduction in scope on a major African oil project. Excluding this, revenue was stable. The Middle East had two key energy contracts in Oman and Saudi Arabia extended to the end of the year. In Asia & Pacific revenue was down due to the ending of offshore energy contracts.

The reorganisation and restructuring of this division is well underway with more than half of the €9 million provision spent primarily to reduce costs which are expected to generate a reduction in costs of approximately €10 million in 2016 and €12 million in 2017.

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.

The reported revenue for the division increased by 5.9% from €26.9 million to €28.5 million.

Eur Million	H1 2016	H1 2015 Proforma (*)	H1 2015
Revenue	**28.5**	**26.6**	**26.9**
% Change		*7.0%*	*5.9%*
Adj. Op. Profit	**2.7**	**1.9**	**2.0**
% Change		*39.5%*	*34.7%*
Margin	**9.5%**	**7.3%**	**7.4%**

Applus+ Laboratories at constant exchange rates had organic revenue growth of 7.0% for the period and a negative impact of 1.1% from foreign currency translation.

The adjusted operating profit margin increased by 210 bps to 9.5% mainly as a result of the strong revenue growth.

The strong performance was across the whole division. The Industry segment accounting for 40% of the division by revenue had very good growth from mechanical testing for the Aerospace sector and electrical and electromagnetic compatibility testing for the Automobile sector. Construction accounting for 15% of the division by revenue also had strong growth especially fire testing of building materials made in Spain that are exported to Europe and the Middle East.

Applus+ Automotive

Applus+ Automotive is a leading provider 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 11 million vehicle inspections in 2015 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra.

The reported revenue for the division was flat at €151.7 million.

Eur Million	H1 2016	H1 2015 Proforma (*)	H1 2015
Revenue	**151.7**	**146.3**	**151.7**
% Change		*3.7%*	*(0.0)%*
Adj. Op. Profit	**35.3**	**34.9**	**36.5**
% Change		*1.2%*	*(3.4)%*
Margin	**23.3%**	**23.8%**	**24.1%**

Organic revenue at constant exchange rates grew well at 3.7% for the period, with acceleration in the second quarter, but this was entirely offset by a negative currency translation impact mainly as a result of the devaluation of the Argentinian peso.

The operating profit margin declined by 50 bps on a like for like basis and 80 bps as reported. The margin was impacted in the period by the higher than usual expenditure incurred on bidding for new contracts and start-up costs on the new Argentina and Chile contracts as well as the revenue mix, with the higher margin contracts weighing less in the period.

The exclusive concession in Ireland had good revenue growth following the investment in increased capacity to meet the higher volume of cars being inspected. Spain overall was steady with varied regional performances. The contracts in Latin America continued to benefit from strong underlying volume growth, but this was more than offset by the severe depreciation of the Argentinian peso. In the US, there was an overall decline in revenue coming from the Illinois contract as a result of the state budget not yet being approved resulting in inspection reminder notifications not being sent out to car owners. Denmark grew well due to market share increases, whilst market conditions in Finland continue to be difficult and revenue here declined.

Of the five tenders submitted in different countries for statutory vehicle inspection amounting to approximately €50 million in total annual revenue, the company has so far been successful in three amounting to incremental revenue of €13 million. In Uruguay a five year contract with an annual revenue estimate of €5 million. In Chile, where five concessions have been awarded in the last two years, and this year another concession was awarded for eight years with an annual revenue estimate of €2 million. In the second quarter of this year, the Company was notified of coming first on a tender in Massachusetts for an initial period of six years followed by three potential extensions of 3 years each. The revenue for the Massachusetts contract is expected to be around €6 million per annum. These new contracts are expected to start in the second half of next year or 2018.

The previously announced award of a new ten year programme in Argentina is due to start in the last quarter of this year. Once fully ramped up, this contract is expected to generate annual revenue of €8 million at current exchange rates.

There have been no further developments relating to the Catalan authorisation regime since the Supreme Court of Spain handed down its judgement at the end of April which was consistent with the judgement given by the European Court of Justice in October 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 (Type 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.

The reported revenue in the division increased by 11.9% from €77.1 million to €86.3 million and the adjusted operating profit increased by 10.5% from €10.4 million to €11.5 million. The adjusted operating profit margin fell 10 bps to 13.4%.

Eur Million	H1 2016	H1 2015 Proforma (*)	H1 2015
Revenue	**86.3**	**76.4**	**77.1**
% Change		*12.9%*	*11.9%*
Adj. Op. Profit	**11.5**	**10.6**	**10.4**
% Change		*9.0%*	*10.5%*
Margin	**13.4%**	**13.8%**	**13.5%**

Applus+ IDIADA at constant exchange rates had very strong organic revenue growth of 12.9% for the period with double digit organic revenue growth continuing in the second quarter. All business lines performed well especially passive safety testing of vehicles and chassis powertrain development and testing. This is being driven by the divisions strong market position in a healthy underlying market with an increase in the customer´s investments into improved safety of vehicles as well as an increase in vehicle models and increasing regulations and outsourcing of services to the industry.

The proving ground in Spain is approaching full capacity utilisation, whilst the new proving ground being built in China is due to commence operations in October.

End of 2016 Half Year Results Announcement. This announcement is a translation of the Spanish version which is extracted from the Interim Condensed Consolidated Financial Statements at 30 June 2016 and as filed with the Spanish regulator, Comisión Nacional del Mercado de Valores (CNMV). In cases of discrepancy, the Spanish version filed with the CNMV will prevail.

Main risks facing the Group

The main business risks facing the Group are those typical of the businesses and countries 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.

Management is focused 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 detailed in the corresponding notes to the consolidated financial statements.

Quality, environment, risk prevention and innovation

Applus' s business model is based on the premise that all its processes must be sustainable and responsible, and on the basis of its strategy and policies, it publicly and voluntarily undertakes its commitment to safety, quality and respect and protection of the environment within the scope of its business management, projects, products and services.

Our business activities are carried out in accordance with strict environmental criteria, adopted and developed within the quality, health and safety and environmental policy reviewed and approved in 2014 by the CEO and President of Applus+. We have implemented quality, environment and prevention systems certified according to international standards (ISO 9001 for quality, ISO 14001 for the environment and ISO 18001 for prevention of occupational hazards) in most of the countries where we operate. Furthermore, we have developed best environmental practices guides for the rest of our activities with the aim of establishing processes that promote continued improvement and the reduction of the impact that our activity may have on the environment.

We have published our first Corporate Social Responsibility report which includes information about our energy consumptions and the travel related greenhouse gas emissions. In 2016 we are working on extending the scope of the data reported in 2015. Different actions have been implemented aimed at reducing greenhouse gas emissions produced throughout activities, these actions are focused on efficient energy consumption management at our offices, promoting the use of IT technologies for internal meetings to reduce the business trips, and also reducing and improving waste management.

From the point of view of prevention, Applus has developed a corporate standard that establishes the common criteria and methodology concerning occupational hazard prevention, including its associate companies. Applus has established a global reporting and monitoring system which permits defining a number of indicators which are reported back to the company's Executive Committee on a monthly basis, including preventive indicators meaning we are able to anticipate and avoid situations that could trigger incidents in the future, such as reporting incidents and conducting field inspections by supervisors and managers.

At Applus we believe that developing a preventive culture shared by the whole company is vital to be able to achieve our objectives. Consequently, we work on projects to enhance awareness among all our employees and collaborators. In 2016 we have launched an internal campaign called "Time for Safety" to promote and drive preventive culture among our employees throughout the 11 Golden Safety Rules of Applus. Furthermore, we are preparing our third Safety Day that will be held in October. It will be focused on ensuring preventive, proactive and accountable attitudes within the company that will help us to reach our goal of zero accidents. Additionally, we are developing initiatives such as "Safety Ace Award" or "Valoramos tu Plus" to engage our people on this important issue.

Our commitment to sustainability is also visible through the numerous R&D&I projects we are constantly carrying out through our different divisions. The vision by Applus+ in the field of innovation is not to just be a service provider, but rather a strategic partner for our customers, conferring added value to the services we provide thanks to technical training, development and implementation of cutting edge technology and also creating advanced services in line with the global requirements of our customers. In this sense, Applus+ undertakes considerable innovation activity, very often in cooperation with our customers, which has grown year after year in line with Applus' s business strategy.

In 2016 the lines of work proposed in the previous years based on project development have continued under the sustainability's umbrella focus on the automobile industry, gas and oil industry and the aeronautical industry needs. In this sense, Applus is taking part in 14 European projects through its divisions, 9 national and regional projects in Spain and in its own projects. The projects we take part in are developing innovative solutions particularly in the areas of safety and environment in the industry and safety and sustainable mobility in automation. Applus+ through its divisions collaborates actively with technological centers, research institutes, universities and other external entities to explore new technological solutions for our clients and build up our knowledge base.

Treasury share transactions

At 31 December 2015, the Group owned or had arranged a total of 807,199 treasury shares, of which 750.000 were arranged by an equity swap matured in February 2016. In March and May 2016 the Group delivered to the Executive Director, Group management and other Group executives a total of 516.749 shares as is described in the Noted 10a). Consequently at 30 June 2016, the Group owns 290.450 treasury shares at an average cost of 9,77euros per share.

Events after the reporting period

No events have occurred since 30 June 2016 other than those described in the notes to the accompanying consolidated financial statements.

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. During 2015 the Group has not acquired any financial derivative instruments, except for the equity swap agreement explained in the "Treasury share transactions" of this report.

Applus Services, S.A.
and Subsidiaries

Preparation of the Interim Condensed Consolidated Financial Statements and

Management report for the six month period ended at 30 June 2016

In accordance with the provisions of article 253 of the Spanish Corporate Enterprises Act, the Directors of the Company have formulated the consolidated financial statements (comprising the foregoing interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) and the management report for the six month period ended at 30 June 2016. The aforementioned documents were agreed by the Board of Directors at its meeting this 21 July 2016. All the Directors of the Company sign the abovementioned documents by signing this sheet.

Barcelona, 21 July 2016

D. Christopher Cole Chairman	D. Ernesto Gerardo Mata López Director
D. John Daniel Hofmeister Director	D. Fernando Basabe Armijo Director
D. Richard Campbell Nelson Director	D. Nicolás Villén Jiménez Director

Diligence extended by the Secretary of the Board of Directors to certify that the Director D. Nicolás Villén Jiménez 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 Chairman D. Christopher Cole.

For identification purposes, the copies of the consolidated financial statements and the consolidated management report approved by the Board of Directors are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.

The Directors of Applus Services, S.A. declare that, to the best of their knowledge, the interim condensed consolidated financial statements of Applus Services, S.A. and Subsidiaries (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) for the six month period ended at 30 June 2016, prepared by the Board of Directors at its meeting on 21 July 2016 in accordance with the accounting policies applicable present fairly the equity, financial position and results of Applus Services, S.A., and also for the Subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying the interim condensed consolidated financial statements of Applus Services, S.A and Subsidiaries includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and Subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face.

Barcelona, 21 July 2016

D. Christopher Cole Chairman	D. Ernesto Gerardo Mata López Director
D. John Daniel Hofmeister Director	D. Fernando Basabe Armijo Director
D. Richard Campbell Nelson Director	D. Nicolás Villén Jiménez Director