

Applus Services, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2016,
and Consolidated Director's Report
together with Auditor's Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

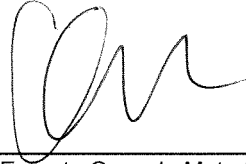


The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the consolidated financial statements of Applus Services, S.A. and subsidiaries (comprising consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes) for 2016, prepared in accordance with applicable accounting policies and approved by the Board of Directors at its meeting on 22 February 2017, present fairly the equity, financial position and results of Applus Services, S.A. and the subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying such consolidated financial statements includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A. and the subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face.

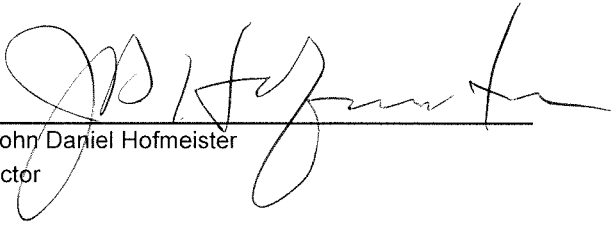
Barcelona, 22 February 2017



D. Christopher Cole
Chairman




D. Ernesto Gerardo Mata López
Director



D. John Daniel Hofmeister
Director



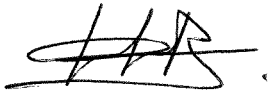
D. Fernando Basabe Armijo
Director



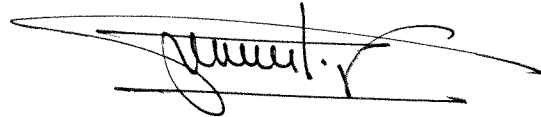
D. Richard Campbell Nelson
Director



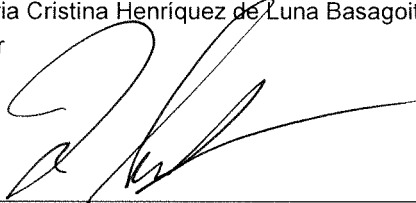
D. Nicolás Villén Jiménez
Director



Dª. Maria Cristina Henríquez de Luna Basagoiti
Director



D. Claudi Santiago Ponsa
Director



D. Scott Cobb
Director



Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Applus Services, S.A. and Subsidiaries as at 31 December 2016, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2016 contains the explanations which the Parent's directors consider appropriate about the situation of Applus Services, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2016. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

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purposes only

Raimon Ripoll

24 February 2017

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(Thousands of Euros)

ASSETS	Notes	31/12/2016	31/12/2015	EQUITY AND LIABILITIES	Notes	31/12/2016	31/12/2015
NON-CURRENT ASSETS				EQUITY			
Goodwill	4	535.481	527.988	Share capital and reserves-			
Other intangible assets	5	533.557	581.549	Share capital	12.a	11.770	11.770
Property, plant and equipment	7	217.045	209.207	Share premium	12.b	313.525	313.525
Non-current financial assets	8	12.570	13.966	Retained earnings and other reserves		300.156	281.617
Deferred tax assets	20.3	87.199	85.355	Profit / (Loss) for the year attributable to the Parent		19.542	38.244
Total non-current assets		1.385.852	1.418.065	Treasury Shares	12.c	(2.837)	(7.883)
				Valuation adjustments-			
				Foreign currency translation reserve	12.e	(29.062)	(33.122)
				EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		613.094	604.151
				NON-CONTROLLING INTERESTS	13	44.500	47.145
				Total Equity		657.594	651.296
				NON-CURRENT LIABILITIES			
				Long-term provisions	17 & 27.b	16.928	28.888
				Bank borrowings	14	757.914	767.380
				Other financial liabilities	15	23.527	24.047
				Deferred tax liabilities	20.4	164.849	161.317
				Other non-current liabilities	18	6.950	13.198
				Total non-current liabilities		970.168	994.830
CURRENT ASSETS				CURRENT LIABILITIES			
Inventories	9	8.062	10.106	Short-term provisions		1.316	1.886
Trade and other receivables-				Bank borrowings	14	27.086	52.504
Trade receivables	10	351.943	381.912	Trade and other payables	19	318.567	302.485
Trade receivables from related companies	10 & 28	1.698	2.095	Trade payables from related companies	19 & 28	3	616
Other receivables	10	25.519	23.378	Corporate income tax liabilities	20.2	12.091	15.693
Corporate income tax assets	20.2	15.893	12.305	Other current liabilities	18	9.283	8.429
Other current assets		14.296	13.183	Total current liabilities		368.346	381.613
Current financial assets	11	4.621	4.258	TOTAL EQUITY AND LIABILITIES		1.996.108	2.027.739
Cash and cash equivalents	11	188.224	162.437				
Total current assets		610.256	609.674				
TOTAL ASSETS		1.996.108	2.027.739				

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of financial position as at 31 December 2016.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2016

(Thousands of Euros)

	Notes	2016	2015
CONTINUING OPERATIONS			
Revenue		1.586.496	1.701.473
Procurements		(216.974)	(246.490)
Staff costs	21.a	(840.391)	(863.353)
Other operating expenses		(352.324)	(393.954)
Operating Profit Before Depreciation, Amortization and Others		176.807	197.676
Depreciation and amortization charge	5 & 7	(94.362)	(97.128)
Impairment and gains or losses on disposal of non-current assets		108	126
Other results	21.b	(5.224)	(10.208)
OPERATING PROFIT		77.329	90.466
Financial Result	22	(18.566)	(24.628)
Share of profit of companies accounted for using the equity method	8	1.724	1.799
Profit / (Loss) before tax		60.487	67.637
Corporate income tax	20	(31.912)	(19.705)
Net Profit / (Loss) from continuing operations		28.575	47.932
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX		-	-
NET CONSOLIDATED PROFIT / (LOSS)		28.575	47.932
Profit / (Loss) attributable to non-controlling interests	13	9.033	9.688
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT		19.542	38.244
Profit / (Loss) per share (in euros per share)	12.d		
- Basic		0,150	0,296
- Diluted		0,150	0,296

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of profit or loss for 2016.



APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2016

(Thousands of Euros)

	2016	2015
NET CONSOLIDATED PROFIT:	28.575	47.932
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	5.114	(4.270)
Fair value gain on hedging instruments entered into for cash flow hedges	-	-
Income tax effect of other comprehensive income	-	-
2. Transfers to the statement of profit or loss:	-	-
Other comprehensive result	5.114	(4.270)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	33.689	43.662
Total comprehensive income for the year attributable to:		
- The Parent	23.602	31.076
- Non-controlling interests	10.087	12.586
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	33.689	43.662

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2016.

APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2016

(Thousands of Euros)

	Share capital	Share premium	Retained earnings and other reserves	Profit / (loss) for the year attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance at 31/12/2014	11.770	350.857	239.837	23.761	(5.407)	(25.954)	38.709	633.573
Changes in the scope of consolidation	-	-	(3.123)	-	-	-	1.612	(1.511)
Allocation of 2014 profit	-	-	23.761	(23.761)	-	-	-	-
Dividends paid	-	-	(16.902)	-	-	-	(6.000)	(22.902)
Capital reduction charged to reserves	-	(37.332)	37.332	-	-	-	-	-
Treasury shares	-	-	3.485	-	(2.476)	-	-	1.009
Other changes	-	-	(2.773)	-	-	-	238	(2.535)
2015 comprehensive income	-	-	-	38.244	-	(7.168)	12.586	43.662
Balance at 31/12/2015	11.770	313.525	281.617	38.244	(7.883)	(33.122)	47.145	651.296
Changes in the scope of consolidation	-	-	(39)	-	-	-	(264)	(303)
Allocation of 2015 profit	-	-	38.244	(38.244)	-	-	-	-
Dividends paid	-	-	(16.902)	-	-	-	(10.294)	(27.196)
Treasury shares	-	-	4.757	-	5.046	-	-	9.803
Other changes	-	-	(7.521)	-	-	-	(2.174)	(9.695)
2016 comprehensive income	-	-	-	19.542	-	4.060	10.087	33.689
Balance at 31/12/2016	11.770	313.525	300.156	19.542	(2.837)	(29.062)	44.500	657.594

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of changes in equity for 2016.



APPLUS SERVICES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2016

(Thousands of Euros)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		60.487	67.637
Adjustments of items that do not give rise to operating cash flows			
Depreciation and amortisation charge	5 & 7	94.362	97.128
Changes in provisions and allowances		(5.229)	(4.954)
Financial result	22	18.566	24.628
Share of profit of companies accounted for using the equity method	8	(1.724)	(1.799)
Gains or losses on disposals of intangible and tangible assets		(108)	366
Other results		-	(2.188)
Profit from operations before changes in working capital (I)		166.354	180.818
Changes in working capital			
Changes in trade and other receivables		27.771	(2.488)
Changes in inventories	9	2.044	(2.228)
Changes in trade and other payables		17.494	11.430
Cash generated by changes in working capital (II)		47.309	6.714
Other cash flows from operating activities			
Other payments		(10.381)	-
Corporate Income tax payments		(33.836)	(27.956)
Cash flows from operating activities (III)		(44.217)	(27.956)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)		169.446	159.576
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments due to acquisition of subsidiaries and other non-current financial assets		(2.057)	(57.722)
Proceeds from disposal of subsidiaries		-	1.000
Payments due to acquisition of intangible and tangible assets		(53.736)	(50.653)
Net cash flows used in investing activities (B)		(55.793)	(107.375)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received		1.339	3.895
Interest paid		(17.109)	(21.364)
Net changes in non-current financing (proceeds and payments)	14	(21.163)	7.104
Net changes in current financing (proceeds and payments)	14	(23.022)	(11.644)
Dividends		(16.902)	(16.902)
Dividends paid by Group companies to non-controlling interests	13	(7.180)	(6.000)
Net cash flows used in financing activities (C)		(84.037)	(44.911)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)		(3.829)	5.459
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		25.787	12.749
Cash and cash equivalents at beginning of year		162.437	149.688
Cash and cash equivalents at end of year		188.224	162.437

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of cash flows for 2016.

Consolidated statement of financial position as at 31 December 2016

Consolidated statement of profit or loss for 2016

Consolidated statement of comprehensive income for 2016

Consolidated statement of changes in equity for 2016

Consolidated statement of cash flows for 2016

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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.

Applus Services, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2016

1. Group activities

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

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

The Parent's Company purpose 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 production and execution of studies and projects in relation to the previously mentioned 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 described 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.

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

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

2. Basis of presentation and basis of consolidation

2.a Basis of presentation of the consolidated financial statements

a) Basis of presentation

These consolidated financial statements for 2016 were authorised for issue by the Parent's Directors at the Board of Directors Meeting held on 22 February 2017. The 2016 consolidated financial statements of the Group and the 2016 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. The Parent's Board of Directors considers that these financial statements will be approved without any changes. The Group's consolidated financial statements for 2015 were approved by the shareholders at the Parent's Annual General Meeting of 22 June 2016.

Since 2005 the Parent's Directors have prepared the Applus Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council and taking into account all the mandatory accounting principles and rules and measurement bases and the Spanish Commercial Code, the Spanish Limited Liability Companies Law and other Spanish corporate law applicable to the Group.

These consolidated financial statements for 2016 were prepared from the separate accounting records of the Parent and of each of the consolidated companies (detailed in Appendix I) and, accordingly, they present fairly the consolidated equity, the consolidated financial position, the consolidated results of the Group, the changes in consolidated equity and the consolidated cash flows under EU-IFRSs and the other rules contained in the regulatory financial reporting framework applicable to the Group.

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

b) Comparative information

The information relating to 2016 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with information relating to 2015.

c) Responsibility for the information and use of estimates

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

In the Group's consolidated financial statements for 2016, estimates were made by the Group Executive Committee 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 mainly to the following:

- The measurement of goodwill (see Notes 3.a and 4)
- The impairment losses on certain assets (see Notes 3.d, 6 and 23)
- The recovery of deferred tax assets (see Note 20)
- The useful life of the property, plant and equipment and intangible assets (see Notes 3.b and 3.c)
- The assumptions used in measuring the recoverable amount of the financial instruments and the assets and liabilities in the business combinations (see Notes 3.e and 3.m)
- Income from pending to be billed services (see Note 3.s)
- Provisions and contingent liabilities (see Notes 3.l, 17 and 27)
- Corporate income tax and deferred tax assets and liabilities (see Note 20)

Although these estimates were made on the basis of the best information available at 31 December 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, recognising the effects of the change in estimates in the related consolidated statement of profit or loss or consolidated statement of changes in equity, as appropriate.

d) Presentation and functional currency

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

e) Changes in accounting policies

In preparing the accompanying consolidated financial statements no changes in accounting policies were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for 2015.



f) Materiality

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

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

a) Subsidiaries

Subsidiaries are those entities over which the Applus Group directly or indirectly controls the financial and operating policies, exercises power over the relevant activities, maintains exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. The subsidiaries are consolidated from the date on which control is transferred to the Applus Group and are excluded from consolidation on the date that control ceases to exist. Appendix I discloses the most significant information about these entities.

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

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

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

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

- The equity of their subsidiaries is presented within the Group's equity under "Non-Controlling Interests" in the consolidated statement of financial position (see Note 13).
- The profit for the year is presented under "Profit Attributable to Non-Controlling Interests" in the consolidated statement of profit or loss (see Note 13).

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

b) Associates

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

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



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

c) Changes in accounting policies and in disclosures of information effective in 2016

In 2016 new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements. The following standards have been applied in these consolidated financial statements, with no significant impact on the presentation here of and disclosures herein:

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union:		
Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013)	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 (issued in December 2013)	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 depreciation and amortisation of property, plant and equipment and intangible assets, which do not include methods that are based on revenue.	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
Amendments to IAS 16 and IAS 41, Bearer Plants (issued in June 2014)	Bearer plants shall be measured at cost rather than at fair value.	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 IAS 1, Disclosure Initiative (issued in December 2014)	Various clarifications in relation to disclosures (materiality, aggregation, order of specific items within the notes to the financial statements, etc.).	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities (issued in December 2014)	Clarifications on the consolidation exception for investment entities	1 January 2016

d) Accounting policies issued but not yet in force in 2016

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

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union:		
IFRS 15, Revenue from Contracts with Customers (issued in May 2014)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
IFRS 9, Financial Instruments (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
Not yet approved for use in the European Union:		
New standards		
Clarifications to IFRS 15 (issued in April 2016)	Focus on identifying performance obligations, principal versus agent considerations, licensing and determining whether a license is satisfied at a specific point in time or over time, as well as certain clarifications to the transition requirements.	1 January 2018
IFRS 16, Leases (issued in January 2016)	Supersedes IAS 17 and the related interpretations. The main development of the new standard is that it introduces a single lessee accounting model in which all leases (with certain limited exceptions) will be recognised in the statement of financial position with an impact similar to that of the existing finance leases (depreciation of the right-of-use asset and a finance cost for the amortised cost of the liability will be recognised).	1 January 2019

Amendments and interpretations:		
Amendments to IAS 7, Disclosure Initiative (issued in January 2016)	Introduce additional disclosure requirements in order to improve the information provided to users.	1 January 2017
Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)	Clarification of the principles established for recognition of deferred tax assets for unrealised losses.	1 January 2017
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions (issued in June 2016)	These are limited amendments that clarify specific issues such as the effects of vesting conditions on cash-settled share-based payments, the classification of share-based payment transactions with a net settlement feature and certain issues relating to modifications of the type of share-based payment arrangement.	1 January 2018
Amendments to IFRS 4, Insurance Contracts (issued in September 2016)	Provide entities within the scope of IFRS 4 with the option of applying IFRS 9 or the temporary exemption therefrom.	1 January 2018
Amendments to IAS 40, Reclassification of Investment Property (issued in December 2016)	The amendments clarify that transfers to, or from, investment property will only be possible when there is evidence of a change in use.	1 January 2018
Improvements to IFRSs, 2014-2016 cycle (issued in December 2016)	Minor amendments to a series of standards (various effective dates).	1 January 2018
IFRIC 22, Foreign Currency Transactions and Advance Consideration (issued in December 2016)	This interpretation establishes "the date of the transaction" for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency.	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.	No date has been set

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

In any case, the Parent's Directors are assessing the potential impact of applying these standards in the future and consider that their entry into force will not have a material effect on the Group's consolidated financial statements, except for the following standards, amendments and interpretations:

IFRS 15 Revenue from Contracts with Customers

The new standard involves a change in the model for recognising revenue from contracts with customers. This standard integrates all requirements applicable to the recognition of revenue and supersedes the current standards in this regard: IAS 18, *Revenue* and IAS 11 *Construction Contracts*, as well as the related IFRIC interpretations. An entity shall apply this standard to all contracts with customers other than to those that are within the scope of other IFRSs, such as leases, insurance contracts and financial instruments.

The Parent's Directors are assessing the main changes and the impact that application of this IFRS will have, following the steps set out in the standard, which are basically as follows: identify the contracts with a customer, identify the specific performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified and, lastly, recognise revenue as the entity satisfies the performance obligations. However, it is not considered that the impact of applying this standard in the future will have a material effect on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 represents significant changes for leasees as they will be required to recognise a right-of-use asset and a liability for the amounts payable for most leases in the consolidated statement of financial position.

The Parent's Directors are assessing the main changes and the impact that application of this IFRS will have (see Note 26).

e) Changes in the scope of consolidation

e.1. Inclusions in the scope of consolidation in 2016:

The companies included in the scope of consolidation in 2016 are as follows:

- Companies acquired in 2016:
 - Aerial Photography Specialist PTY, Ltd.
 - Applus Norcontrol República Dominicana, S.R.L.
- Companies incorporated in 2016:
 - Applus Norcontrol Asistencia Técnica SAS
 - Shandong Idiada Automotive Ang Tireproving Ground CO, Ltd.
 - Applus India Private Limited
 - Applus RVIS BV
 - Vail Consultancy Services DMCC

e.1.1. Companies acquired in 2016

On 21 January 2016, the Applus Group acquired the Australian company Aerial Photography Specialist Pty Ltd. for a fixed price 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 which the acquiree would have to achieve in 2016, 2017, 2018 and 2019 (approximately EUR 4.31 million). 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 company is integrated in Applus+ Energy & Industry division.



The most significant information on this acquisition is as follows (in thousands of euros):

	Aerial Photography Specialist PTY, Ltd.
Non- current assets	107
Trade and other receivables	135
Cash and cash equivalents	32
Non- current liabilities	-
Current liabilities	(137)
Value of assets and liabilities acquired	137
% of ownership	100%
Acquisition cost	2,390
Goodwill (Note 4)	2,253

On 18 August 2016, the Applus Group acquired the Dominican company Dual Constructora, S.R.L., changing its name to Applus Norcontrol República Dominicana S.R.L. This company was dormant at the time of its acquisition and it was integrated into the Applus+ Energy & Industry division.

e.2. Inclusions in the scope of consolidation in 2015:

In 2015 the following companies were included in the scope of consolidation:

- Companies acquired in 2015:

- X-Ray Industries, Inc.
- Composite Inspection Solutions, LLC
- Thermalogix, LLC
- XRI Nray Services, LLC
- Arcadia Aerospace Industries, LLC
- NRAY Services Inc.
- NRay USA, Inc.
- SKC Management Group Ltd.
- SKC Engineering Ltd.
- SKC Inspection and Non-Destructive Testing Inc.
- James Allan Holdings Ltd.
- MxV Engineering Inc.

- Companies incorporated in 2015:

- Applus Velosi Kenya Limited
- K2 Specialist Services FZE
- Applus Santa Maria del Buen Ayre, S.A.
- Precision for Engineering Services, Project Management, Vocational Training and Importation of Man Power LLC.
- Libertytown USA 3, Inc.

- Applus Management Services, Inc.
- Applus Aerospace UK Limited.
- Oman Inspection & Certification Services LLC.

e.2.1. Companies acquired in 2015

On 12 February 2015, the Group acquired from the US group IAG (Integrity Aerospace Group Inc.) all the share capital of X-Ray Industries, Inc., all the share capital of Composite Inspection Solutions, LLC, all the share capital of Thermalogix, LLC and 50% of the share capital of XRI Nray Services, LLC (X-Ray Industries Group), for a fixed amount of USD 36.2 million (approximately EUR 32.1 million). There is no earn-out in this acquisition.

On 12 February 2015, the Group acquired from the US group IAG (Integrity Aerospace Group Inc.) and other minority shareholders, 70% of the share capital of Arcadia Aerospace Industries, LLC (Arcadia) for USD 1 plus a capital contribution of USD 5 million (approximately EUR 4.4 million). Also, the agreement established an earn-out based on certain financial targets.

On 12 February 2015, the Group acquired from a family group all the share capital of the Canadian company NRAY Services, Inc., all the share capital of NRay USA, Inc. and 50% of the share capital of XRI NRay Services, LLC (N-Ray Group), for a fixed amount of USD 11.7 million (approximately EUR 10.3 million). There is no earn-out in this acquisition.

N-Ray and X-Ray Industries groups were integrated in the Applus+ Energy & Industry division, and Arcadia Aerospace Industries, LLC and Composite Inspection Solutions, LLC were integrated in the Applus+ Laboratories division.

On 30 November 2015, the Group acquired from the Canadian group SKC, all the share capital of SKC Management Group Ltd., all the share capital of SKC Engineering Ltd., all the share capital of SKC Inspection and Non-Destructive Testing Inc. and James Allan Holdings Ltd., and 50% of the share capital of MxV Engineering Inc., for CAD 2.1 million (approximately EUR 1.5 million). Also, the agreement includes a maximum earn-out of CAD 4 million (approximately EUR 2.7 million) based on certain financial targets that should be achieved by SKC Engineering Ltd., SKC Inspection and Non-Destructive Testing Inc. and MxV Engineering Inc. in 2015, 2016, 2017 and 2018. The Group considers that the conditions for the earn-out to be paid for an amount of CAD 2.1 million (approximately EUR 1.4 million) will be met and, accordingly, this amount was considered when determining the acquisition cost of the ownership interest. The SKC Group was integrated in the Applus+ Energy & Industry division.

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

	X-Ray Industries Group	N-Ray Group	Arcadia	SKC Group	Total
Non- current assets	17,116	8,620	4,487	481	30,704
Trade other receivables	4,076	337	617	1,111	6,141
Cash and cash equivalents	69	58	292	104	523
Non- current liabilities	(3,700)	(2,189)	-	(668)	(6,557)
Current liabilities	(1,277)	(294)	(500)	(769)	(2,840)
Value of assets and liabilities acquired	16,284	6,532	4,896	259	27,971
% of ownership	100%	100%	70%	100%(*)	
Value of assets and liabilities acquired net of non-controlling interests	16,284	6,532	3,427	250	26,493
Acquisition cost	32,067	10,327	6,192	2,939	51,525
Goodwill (Note 4)	15,783	3,795	2,765	2,689	25,032

(*)The Group owns all share capital of SKC Group except MxV Engineering Society Inc., whose participation rate is 50%.

In the second half of the year 2015, the Group's measurement at fair value of assets and liabilities of X-Ray Industries Group, N-Ray Group and Arcadia was completed.

At 31 December 2016, the Group had completed the measurement at fair value of the assets acquired and liabilities assumed on 30 November 2015 in relation to the SKC Group.

3. Accounting and valuation policies

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

a) Goodwill

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

The cost of a business combination is the aggregate of:

- The acquisition-date fair value of the assets acquired, the liabilities assumed and the equity instruments issued.
- The fair value of any contingent consideration that depends on future events or on the fulfilment of certain specified conditions.

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

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

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

- The cost of the business combination, plus the acquisition-date fair value of any equity interest previously held by the acquirer in the acquiree; and
- The fair value of the identifiable assets acquired less the fair value of the liabilities assumed, determined as indicated above.

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

Goodwill arising on the acquisition of companies with a functional currency other than the euro is measured in the functional currency of the acquirer and is translated to euros at the exchange rates prevailing at the consolidated statement of financial position date.

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



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

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

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

b) Other intangible assets

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

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

Intangible assets are measured and amortised as follows:

- Administrative concessions or similar items that have been acquired by onerous title are amortised on a straight-line basis over the concession term. The initial cost (fee) and, where applicable, the present value of the future payments which are deemed to be necessary when the assets are handed over to the grantor are included in this line item.
- The administrative authorisations relate to vehicle roadworthiness testing services in Spain and abroad which the Group manages under this name. The main administrative authorisations relate to Spain (Catalonia) and Finland (see Note 5). In the case of Spain (Catalonia), these administrative authorisations are amortised on a straight-line basis over the authorisation term which ends in 2035. In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in 10 years and, therefore, it is being amortised over this period, until 2020.
- Trademarks and trademark licence agreements are measured based on the future royalty income stream from their use. Trademarks and trademark licence agreements are considered to have a finite useful life and are amortised over 25 years, with the exception of the trademark and trademark licence agreement associated with the Velosi Group, which are being amortised over 10 years.
- Customer portfolios are amortised based on the life of the agreements entered into with the customers.
- Asset usage rights relate to machinery and fixtures used by the Group in the performance of its business activity and are subject to reversal. They are amortised over the residual useful life of the assets to which they correspond, from the acquisition date of the right of use, based on an estimate by an independent valuer.
- Computer software is amortised on a straight-line basis over five years. Computer system maintenance costs are recognised with a charge to the consolidated statement of profit or loss for the year in which they are incurred.

c) Property, plant and equipment

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

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

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

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

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

Assets held under finance leases (see Note 3.g) are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the lease agreement. At 31 December 2016, "Property, Plant and Equipment" in the consolidated statement of financial position included EUR 15,135 thousand (31 December 2015: EUR 19,813 thousand) relating to assets held under finance leases.

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

d) Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

For the purpose of impairment loss assessment, assets are grouped at the lowest levels for which there are largely independent separately identifiable cash inflows (cash-generating units (CGUs)). The cash-generating units defined by the Group are detailed in Notes 4, 5 and 6.

The cash-generating units were modified in 2016, due to the integration of two divisions, namely “Applus+ Velosi-Norcontrol” and “Applus+ RTD”, into a single division called “Applus+ Energy & Industry” (see Note 3.v). As a result of this business reorganisation, the Group's twelve cash generating units were reduced to eleven, and the former Velosi and RTD Asia and Pacific cash-generating units began to report as a single cash-generating unit, Energy & Industry Seameap (Southern Europe, Africa, Middle East and Asia-Pacific) as these operations have similar economic features and report a similar long-term performance, the operating results of which are regularly reviewed by the Group's chief operating decision making officer in order to decide which resources should be allocated to the CGU and to assess its performance. Also as a result of this integration, the former RTD Europe, RTD US and Canada, Norcontrol Spain and Norcontrol Latam cash-generating units changed their names as follows: Energy & Industry Northern Europe, Energy & Industry North America, Energy & Industry Spain and Energy & Industry Latin America, respectively. The information relating to 2015 has been restated including the new CGU for comparison purposes with information related to 2016 (see Notes 4, 5 and 6).

As a result of the reorganisation of the cash-generating units and in accordance with IAS 36, the Group has considered the possible reallocation of goodwill among the units in question. However, insofar as the values relating to the cash-generating units prior and subsequent to the reorganisation have not changed significantly, the impact of allocating goodwill among the new cash-generating units was not considered material.

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

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

The impairment losses on non financial assets recognised previously (other than goodwill) are reviewed for possible reversal at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, without exceeding the carrying amount existing prior to the recognition of the impairment loss, less any depreciation or amortisation that should have been recognised. The reversal of an impairment loss on an asset is credited to the consolidated statement of profit or loss.

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

In both cases the projections were based on reasonable and well-founded assumptions and were prepared in accordance with the Group's budget for 2017 and with the Group's strategic plan for 2018-2021 based on past experience and the best estimates available at the date on which the related impairment tests were carried out using the market information available. The projections envisage growth in volume and improvements to margins arising solely from the organic growth that the Group Executive Committee expects for the coming years. Consequently, the possible acquisitions or mergers that might take place in the future were not taken into account in the projections and impairment tests.

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



e) Financial assets

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

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

At 2016 year-end the only financial assets the Group had were held-to-maturity investments (see Notes 8 and 11) and loans and receivables (see Note 10).

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

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

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

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

f) Information on the environment

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

In view of the Group's business activity, at 31 December 2016 and 2015 it did not have any significant assets of this nature.

g) Operating and finance leases

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

Finance leases

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

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

Operating leases

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

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

h) Inventories

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

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

i) Trade and other receivables

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

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

j) Current financial assets, cash and cash equivalents

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

The balance of cash and cash equivalents recognised in the consolidated statement of financial position as at 31 December 2016 and 2015 includes the bank balances, available cash and the current financial assets maturing within three months.

k) Government grants

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



- a) Non-refundable grants, donations or legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.
- b) Refundable grants: while they are refundable, they are recognised as a non-current liability.
- c) Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

l) Provisions and contingent liabilities

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

- Provisions:

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

- Contingent liabilities:

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

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

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

Provisions are measured at the present value of the amount necessary to settle the obligation at the consolidated statement of financial position date based on the best estimate available.

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

m) Derivative financial instruments and hedge accounting

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

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

At the end of 2016 the Group had not arranged any financial derivative products.

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

Defined contribution plans

Under defined contribution plans, the Group pays fixed contributions into a separate entity (a fund) and the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the benefits to employees.

The Group recognises the contributions to be made to the defined contribution plans as the employees render the related services. The contributions made were recognised under "Staff Costs" in the consolidated statement of profit or loss. The defined contribution liability is recognised as a current.

The Group has defined contribution plans mainly in the US, Canada and Australia.

Defined benefit plans

All the post-employment benefit plans that may not be considered as defined contribution plans are defined benefit plans. These plans may be unfunded or wholly or partially funded by a specific fund.

The defined benefit liability recognised in the consolidated statement of financial position relates to the present value of the defined benefit obligations at the end of the reporting period which are measured annually based on the best estimate possible.

The expense or income relating to the defined benefit plans is recognised under "Staff Costs" in the consolidated statement of profit or loss. The defined benefit liability is recognised as current or non-current based on the vesting period of the related benefits.

The Applus Group's defined benefit plans are not funded by a specific fund, except in Germany, the amount of which is not material to the Group consolidated financial statements. They relate mainly to benefits for employees in the Middle East, Italy and the Netherlands.

However, the defined benefit obligations are not material (see Note 17.a).

Other employee benefit obligations

The Group has established, with its key personnel, specific remuneration plans based on the following characteristics:

- a) Annual variable remuneration to certain Group personnel subject to the achievement of certain financial targets in 2016.
- b) Multiannual variable remuneration to certain executives of the Group subject to the achievement of certain financial targets in 2014, 2015 and 2016 (see Notes 19 and 29). This remuneration has been replaced on 21 July 2016 by the special "Long-term Incentive" plan granted to the Executive Director and Senior Executives of the Group comprising the delivery of Performance Stock Units (PSUs), in the case of the Executive Director, and the delivery of Restricted Stock Units (RSUs) and PSUs in the case of Senior Executives. Both PSUs and RSUs are convertible into Parent's shares within three years of the grant date. The first conversion of these shares will be in February 2019 (see Notes 19 and 29).



- c) Long-term special incentive plan granted, related to the Group Initial Public Offering (IPO) that consists of conferring RSUs (convertible into Parent's shares), in favour of the Executive Director and certain Senior Executives based on a continuing service for a determined period of time. The first delivery of shares was made in May 2015 and the second was made in May 2016. The next and last delivery will be made in May 2017 (see Notes 19 and 29).
- d) Annual variable remuneration plan granted to certain executives and employees of the Group consisting of the delivery of RSUs (convertible into Parent's shares). This remuneration plan is approved annually. At 2016 year-end two plans have been approved and ratified (see Notes 19 and 29).

o) Debts and current/non-current classification

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

p) Financial liabilities

Financial liabilities are classified into the following categories: financial liabilities at fair value through the consolidated statement of profit or loss and other financial liabilities. At 31 December 2016 the Group only has other financial liabilities.

Other financial liabilities (including loans and trade and other payables) are recognised at amortised cost using the effective interest method.

Effective interest method

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

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

q) Transactions in currencies other than the Euro

The Group's presentation currency is the Euro. Therefore, all balances and transactions in currencies other than the euro are deemed to be "foreign currency transactions".

Balances in foreign currencies are translated to euros in two phases:

1. Translation of balances in foreign currencies to the subsidiaries' functional currencies:
 - Monetary assets and liabilities denominated in foreign currencies are translated by applying the exchange rates prevailing at the closing date.
 - Any resulting gains or losses are recognised directly in the consolidated statement of profit or loss.



2. Translation to euros of the financial statements of the subsidiaries whose functional currency is not the euro:
- Assets and liabilities are translated by applying the exchange rates prevailing at the closing date.
 - Income, expenses and cash flows are translated at the average exchange rates for the year.
 - Equity is translated at the historical exchange rates.
 - Exchange differences arising as a consequence of the application of this method are presented under "Equity Attributable to Shareholders of the Parent - Translation Differences" in the accompanying consolidated statement of financial position.
 - The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated statement of cash flows under "Effect of Foreign Exchange Rate Changes".

The detail of the equivalent euro value of the main assets in foreign currency held by the Group at 31 December 2016 and 2015 is as follows (in thousands of euros):

Balances held in:	Foreign currency:	31/12/16	31/12/15
US Dollar	USD	510,103	484,565
Canadian Dollar	CAD	77,909	74,008
Pound Sterling	GBP	60,994	66,580
Danish Krone	DKK	55,555	54,493
Australian Dollar	AUD	49,636	41,555
Chilean Peso	CLP	48,978	41,213
Colombian Peso	COP	30,741	20,520
Saudi Riyal	SAR	23,904	21,872
Qatari Riyal	QAR	22,319	24,826
United Arab Emirates Dirham	AED	22,249	20,367
Chinese Yuan	CNY	21,397	19,213
Brazilian Real	BRL	16,469	15,336
Singapore Dollar	SGD	14,516	23,089
Czech Koruna	CZK	14,068	13,058
Argentine Peso	ARS	12,570	9,258
Indonesian Rupiah	IDR	10,829	11,940
Norwegian Krone	NOK	8,462	8,557
Malaysian Ringgit	MYR	7,998	11,556
Mexican Peso	MXN	7,188	10,227
Nuevo Sol	PEN	6,136	4,485
Kuwait Dinar	KWD	5,781	3,944
Guatemalan Quetzal	GTQ	5,545	5,787
Others		31,984	74,523
Total		1,065,331	1,060,972

The average and closing rates used in the translation to euros of the balances held in foreign currency for years 2016 and 2015 are as follows:

1 Euro	Foreign currency:	2016		2015	
		Average rate	Closing rate	Average rate	Closing rate
Danish Krone	DKK	7.45	7.43	7.46	7.46
Norwegian Krone	NOK	9.30	9.04	8.93	9.49
Czech Koruna	CZK	27.02	27.01	27.28	27.03
United Arab Emirates Dirham	AED	4.07	3.82	4.08	3.97
Canadian Dollar	CAD	1.47	1.39	1.41	1.51
Singapore Dollar	SGD	1.53	1.50	1.52	1.54
US Dollar	USD	1.11	1.04	1.11	1.08
Papua New Guinean Kina	PGK	3.39	3.21	3.00	3.16
Pound Sterling	GBP	0.82	0.84	0.73	0.73
Argentine Peso	ARS	16.32	16.46	10.12	14.40
Chilean Peso	CLP	749.57	701.95	724.28	764.68
Colombian Peso	COP	3,381.81	3,111.39	3,028.57	3,621.00
Mexican Peso	MXN	20.63	21.24	17.57	18.45
Brazilian Real	BRL	3.87	3.48	3.67	4.20
Qatari Riyal	QAR	4.04	3.78	4.05	3.95
Malaysian Ringgit	MYR	4.57	4.64	4.32	4.66
Saudi Riyal	SAR	4.15	3.90	4.17	4.06
Indonesian Rupiah	IDR	14,727.54	13,947.00	14,825.90	15,180.00
Australian Dollar	AUD	1.49	1.43	1.48	1.52
Nuevo Sol	PEN	3.74	3.53	3.52	3.65
Kuwait Dinar	KWD	0.33	0.32	0.33	0.33
Guatemalan Quetzal	GTQ	8.43	7.76	8.51	8.24
Chinese Yuan	CNY	7.35	7.21	6.97	7.01

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

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current corporate income tax expense is the amount payable by the Group as a result of corporate income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current corporate income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the corporate tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

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

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

The deferred tax assets recognised are analysed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability.

Certain Group companies with registered office in Spain file consolidated tax returns as part of tax group 238/08 of which Applus Services, S.A. is the Parent.

The Group also files consolidated tax returns in other countries such as the Netherlands, Australia, Finland, the US and Germany.

s) Revenue recognition

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

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

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

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

t) Expense recognition

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

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

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

u) Discontinued operations

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

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

The Group did not discontinue any significant operation in 2016 or 2015.

v) Segment information

The Parent's Directors considered the following five operating segments in these consolidated financial statements of the Applus Group: Applus+ Energy & Industry, Applus+ Laboratories, Applus+ Automotive, Applus+ IDIADA and Other.

The Parent's Directors identified the operating segments of the Applus Group based on the following criteria:

- They engage in business activities from which they may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same group),
- Their operating results are regularly reviewed by Senior Executives, which takes the operating and management decisions relating to the group in order to decide about resources to be allocated to the segment and to assess its performance; and
- Discrete financial information is available.

The considerations used to identify the operating segments comply with IFRS 8.

It should be noted that in 2015 the Group operated through six segments. However, the Applus+ Velosi-Norcontrol and Applus+ RTD divisions completed their integration and, accordingly, the segment information has been reported jointly since 1 January 2016 and jointly and on a comparative basis for 2015 (see Notes 3.d and 25).

w) Consolidated statement of cash flows

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

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the Group's principal revenue-producing activities and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.
- Effect of foreign exchange rate changes: effect of foreign exchange rate changes on cash and cash equivalents.

x) Equity

The share capital is represented by ordinary shares.

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

Dividends on ordinary shares are recognised as a decrease in equity when approved by the shareholders of the Parent.

y) Earnings per share

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



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

z) Treasury shares

Acquisitions of treasury shares are recognised at acquisition cost, reducing equity until they are sold. The gains and losses obtained on the disposal of treasury shares are recognised in "Consolidated reserves" in the accompanying consolidated statement of financial position.

4. Goodwill

The detail, by cash-generating unit, of the goodwill at the end of 2016 and 2015 is as follows:

Cash-generating unit	Thousands of Euros	
	31/12/16	31/12/15
Auto Spain (*)	170,972	170,972
Energy & Industry Northern Europe	102,303	102,303
Energy & Industry North America	96,997	93,694
IDIADA	56,390	56,130
Energy & Industry Seameap	43,301	40,382
Laboratories	32,251	32,129
Energy & Industry Spain	10,338	10,338
Energy & Industry Latin America	8,690	7,759
Auto Denmark	6,835	6,859
Auto US (*)	6,141	6,141
Other	1,263	1,281
Total goodwill	535,481	527,988

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

The integration of the two divisions, "Applus+ Velosi-Norcontrol" and "Applus+ RTD" into a single division called "Applus+ Energy & Industry" was completed 1st January 2016. The integration led to a change in the identification of the cash-generating units as indicated in Note 3.d above.

The changes in 2016 and 2015 were as follows:

	Thousands of Euros
Balance at 1 January 2015	497,268
Changes in the scope of consolidation (Note 2.b.e.2)	25,032
Translation differences	6,571
Disposal	(883)
Balance at 31 December 2015	527,988
Changes in the scope of consolidation (Note 2.b.e.1)	2,253
Translation differences	5,240
Balance at 31 December 2016	535,481

The changes in the scope of consolidation in 2016 relate mainly to the acquisition of the Australian company Aerial Photography Specialist Pty Ltd. (see Note 2.b.e.1.1).

The changes in the scope of consolidation in 2015, were mainly related to the acquisition of X-Ray Industries Group, N-Ray Group, Arcadia Aerospace Industries, LLC and SKC Group (see Note 2.b.e.2.1).

The assumptions used in the tests to determine the impairment recognised in 2016 and 2015 are detailed in Note 6.

5. Other intangible assets

The changes in 2016 and 2015 in intangible asset accounts and in the related accumulated amortisation and impairment losses were as follows:

	2016 - Thousands of Euros						
	Balance at 1 January 2016	Changes in the scope of consolidation (Note 2.b.e.1)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2016
Cost:							
Administrative concessions	112,165	-	-	-	-	-	112,165
Patents, licences and trademarks	272,677	13	2	-	4	29	272,725
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	172,551	-	-	-	-	2,339	174,890
Computer software	61,254	-	7,110	(2,321)	135	944	67,122
Goodwill acquired	19,815	-	135	-	-	(1,182)	18,768
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	35,673	29	2,652	(1,692)	(31)	(695)	35,936
Total cost	1,007,005	42	9,899	(4,013)	108	1,435	1,014,476
Accumulated amortisation:							
Administrative concessions	(64,934)	-	(6,268)	-	-	2	(71,200)
Patents, licences and trademarks	(85,654)	(6)	(12,570)	-	(4)	(29)	(98,263)
Administrative authorisations	(64,933)	-	(15,837)	-	-	-	(80,770)
Customer portfolio	(67,030)	-	(10,820)	-	-	(364)	(78,214)
Computer software	(51,127)	-	(4,793)	2,265	(64)	(678)	(54,397)
Goodwill acquired	(79)	-	-	-	-	1	(78)
Asset usage rights	(35,107)	-	(2,503)	-	(9)	-	(37,619)
Other	(18,710)	(18)	(4,235)	520	-	(53)	(22,496)
Total accumulated amortisation	(387,574)	(24)	(57,026)	2,785	(77)	(1,121)	(443,037)
Total impairment losses (Note 6)	(37,882)	-	-	-	-	-	(37,882)
Total net value	581,549	18	(47,127)	(1,228)	31	314	533,557

	2015 - Thousands of Euros						
	Balance at 1 January 2015	Changes in the scope of consolidation (Note 2.b.e.2)	Additions or charge for the year	Disposals or reductions	Transfers	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 (Note 6)	(37,882)	-	-	-	-	-	(37,882)
Total net value	592,147	23,161	(35,500)	(207)	482	1,466	581,549

Identification and measurement of intangible assets in business combinations

In 2016 the Group completed the measurement at fair value of the assets and liabilities of the SKC Group and Aerial Photography Specialist Pty, Ltd. on 30 November 2015 and 21 January 2016, respectively.

In 2015 the Group's measurement at fair value of the assets and liabilities acquired on 12 February 2015 of X-Ray Industries Group, N-Ray Group and Arcadia Aerospace Industries, LLC company, was completed and the fair value of the assets and liabilities acquired was definitively and retrospectively recognised.

The assets and liabilities identified in the different business combinations of Applus Group are as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Administrative authorisations	259,910	259,910
Trademarks	254,624	254,624
Administrative concessions	102,319	102,319
Customer portfolio	174,531	172,204
Rights of use	57,515	57,515
Trademark licence agreement	16,939	16,939
Databases	273	273
Total allocation of goodwill to assets	866,111	863,784

In 2016, the amortisation charge associated with these revalued assets recognised in the accompanying consolidated statement of profit or loss amounted to EUR 47,627 thousand (2015: EUR 47,467 thousand).

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

- The income approach and specifically the multi-period excess earnings method, whereby the value of the asset is the present value of the projected flows from that asset over the useful life assigned to the related contract, was used to calculate the fair value of Administrative Authorisations.
- The royalty relief method, whereby the value of the asset is the present value of future royalty income from the use of the trademarks by the licensees, was used to calculate the value of the trademarks and trademark licence agreements.
- The income approach and specifically the multi-period excess earnings method, taking into account the useful lives of the customers and the discounted revenue they account for was used to calculate the value of the customer portfolios.
- The income approach and specifically the multi-period excess earnings method, whereby the value of the asset is the present value of the projected flows over the useful life assigned to the related contract, was used to calculate the fair value of administrative concessions and rights of use. The possibility of contract renewals for cash-generating units with finite lives was not considered.

The main intangible assets are as follows:

- Administrative authorisations and concessions:

The administrative authorisations relate to vehicle roadworthiness testing services, managed solely by the Group, in Spain (Catalonia) and Finland. In the case of Spain the cost of the authorisation is depreciated over its useful life until 2035 (see Note 27.b). In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in ten years and, therefore, it is being amortised over this period, until 2020.

Administrative concessions includes mainly the operating rights for vehicle roadworthiness testing facilities for a specified period of time. At 31 December 2016, the Applus Group was managing various administrative concessions relating to vehicle roadworthiness testing services, mainly in the US, Spain (Alicante, Aragon, the Basque Country and Menorca), Ireland, Argentina and Chile. These administrative concessions, which are amortised on the basis of their useful life, expire on various dates until 2027.

Each concession or authorisation is granted through tender specifications or a regulatory agreement. A tender specification or agreement is commonly used for each Autonomous Community in the case of Spain, or at state level in the case of the US.

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

- Patents, licences and trademarks:

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

- Customer portfolio:

The customer portfolio relates to the value of the various contracts entered into by the various Group companies. For the purposes of valuation, the probability of renewal and contract term were taken into account. The contracts are being amortised over the estimated useful life between 15 and 25 years.

- Asset usage rights:

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

Intangible assets by cash-generating unit

The integration of the two divisions, "Applus+ Velosi-Norcontrol" and "Applus+ RTD" into a single division called "Applus+ Energy & Industry" was completed 1st January 2016. As a consequence of the integration, management modified the identification of the cash-generating units as indicated in Note 3.d.

The detail, by cash-generating unit, of the intangible assets at year-end 2016 and 2015 are as follows:



	2016 – Thousands of Euros												
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North Europe	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Others	Total
Cost:													
Administrative concessions	94,102	-	-	-	-	-	182	-	17,881	-	-	-	112,165
Patents, licences and trademarks	18,598	89,405	10,144	58,575	28,210	12,294	40,096	8,772	6,488	1	-	142	272,725
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	259,910
Customer portfolio and other	-	41,532	-	27,131	73,126	-	18,822	4,501	-	9,778	-	-	174,890
Computer software	3,860	7,766	13	5,048	784	6,097	6,919	3,875	8,049	2,500	1,941	20,270	67,122
Goodwill acquired	-	8,562	769	-	3,715	3,876	1,381	265	-	-	200	-	18,768
Asset usage rights	1,241	-	-	-	-	36,729	3	34,987	-	-	-	-	72,960
Other	1,072	11,529	590	29	-	15,296	3,583	1,711	1,180	4	942	-	35,936
Total cost	284,859	158,794	105,440	90,783	105,835	74,292	70,986	54,111	33,598	12,283	3,083	20,412	1,014,476
Accumulated amortisation:													
Administrative concessions	(60,644)	-	-	-	-	-	(182)	-	(10,374)	-	-	-	(71,200)
Patents, licences and trademarks	(6,763)	(29,843)	(3,486)	(22,877)	(10,250)	(4,480)	(14,700)	(3,187)	(2,534)	(1)	-	(142)	(98,263)
Administrative authorisations	(27,975)	-	(52,795)	-	-	-	-	-	-	-	-	-	(80,770)
Customer portfolio and other	-	(15,090)	-	(18,160)	(22,736)	-	(18,822)	(1,863)	-	(1,543)	-	-	(78,214)
Computer software	(3,288)	(5,798)	(13)	(2,622)	(692)	(4,556)	(6,244)	(3,065)	(6,123)	(1,710)	(1,890)	(18,396)	(54,397)
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	(78)
Asset usage rights	(1,247)	-	-	-	-	(15,165)	(3)	(21,204)	-	-	-	-	(37,619)
Other	(516)	(6,197)	(381)	(21)	-	(9,988)	(2,716)	(1,685)	(989)	(3)	-	-	(22,496)
Total accumulated amortisation	(100,433)	(56,928)	(56,675)	(43,680)	(33,678)	(34,189)	(42,738)	(31,011)	(20,020)	(3,257)	(1,890)	(18,538)	(443,037)
Total impairment (Note 6)	(7,051)	(16,744)	(8,115)	-	-	-	-	-	(5,972)	-	-	-	(37,882)
Total net value	177,375	85,122	40,650	47,103	72,157	40,103	28,248	23,100	7,606	9,026	1,193	1,874	533,557

	2015 – Thousands of Euros												
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North Europe	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Others	Total
Cost:													
Administrative concessions	94,102	-	-	-	-	-	182	-	17,881	-	-	-	112,165
Patents, licences and trademarks	18,598	89,400	10,144	58,562	28,210	12,294	40,096	8,772	6,457	-	-	143	272,676
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	259,910
Customer portfolio and other	-	41,532	-	27,131	71,555	-	18,822	4,487	-	9,025	-	-	172,552
Computer software	3,395	6,878	13	3,830	741	4,963	6,721	3,509	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	89,523	103,924	71,742	70,721	53,734	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)	(17,929)	(9,121)	(3,989)	(13,104)	(2,836)	(2,220)	-	-	(144)	(85,654)
Administrative authorisations	(20,711)	-	(44,222)	-	-	-	-	-	-	-	-	-	(64,933)
Customer portfolio and other	-	(13,430)	-	(14,032)	(18,341)	-	(18,822)	(1,572)	-	(833)	-	-	(67,030)
Computer software	(3,050)	(5,373)	(13)	(1,833)	(568)	(3,808)	(5,842)	(2,789)	(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)	(33,794)	(28,030)	(29,639)	(40,334)	(29,222)	(19,920)	(2,221)	(1,830)	(17,729)	(387,574)
Total impairment (Note 6)	(7,051)	(16,744)	(8,115)	-	-	-	-	-	(5,972)	-	-	-	(37,882)
Total net value	190,896	93,180	49,651	55,729	75,894	42,103	30,387	24,512	8,106	8,753	1,106	1,232	581,549

Impairment of intangible assets

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

Other matters

At 31 December 2016, fully amortised intangible assets in use amounted to EUR 64,836 thousand (31 December 2015: EUR 60,387 thousand). The Group did not have any temporarily idle items at 31 December 2016 or 2015.

At 31 December 2016 and 2015, the Group had no material firm intangible asset purchase commitments.

Certain Group companies have intangible assets that must be handed over to the Government at the end of the related concession terms. The detail of the carrying amount of the assets subject to reversion at 31 December 2016 and 2015 is as follows:

	2016 – Thousands of Euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Euskadi, S.A.U.	996	(996)	-
LGAI Technological Center, S.A.	14,200	(13,941)	259
Total	15,196	(14,937)	259

	2015 – Thousands of Euros		
	Gross cost	Accumulated amortisation/ provisions	Net cost
Applus Iteuve Euskadi, S.A.U.	996	(977)	19
LGAI Technological Center, S.A.	14,200	(13,925)	275
Total	15,196	(14,902)	294

6. Impairment of assets

Group Executive Committee reviews the business performance by business type and geographical area. As a result of these tests, no impairment losses have been recognised in 2016 and 2015.

When conducting the impairment test the Parent's Directors considered the impact of the current economic environment on their future estimates, specifically and mainly the actual and future estimates of oil prices, which could have a negative impact on the cash-generating units relating to the Applus+ Energy & Industry division. It is not considered that the other cash-generating units of the Group are affected by any commodity prices.

Impairment test assumptions

The key assumptions to determine fair value that were used to test for impairment in 2016 and 2015 were as follows:

a) Perpetuity growth rate:

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

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

b) Discount rate:

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

- The time value of money or risk-free interest rate of each country or geographical area (weighted average of the main countries where the Group operates in these geographical areas) relates to the return on ten-year sovereign bonds in the related country (or the average of the geographical area).
- The estimated risk premium based on the estimated betas for comparable companies in the industry and a market risk premium for each country, which are observable variables, after tax.
- The average financing structure and conditions for comparable companies in the industry.

The detail of the discount rate (WACC) and of the perpetuity growth rate in 2016 and 2015 by business and geographical area is as follows:

Business	2016		2015	
	Discount rate after tax ("WACC")	Discount rate considered in calculating the terminal value ("g")	Discount rate after tax ("WACC")	Discount rate considered in calculating the terminal value ("g")
Auto	5.6% - 7.0%	1.6% - 2.3%	6.8% - 7.2%	1.5% - 2.4%
Energy & Industry	6.2% - 11.4%	1.6% - 3.0%	7.6% - 12.6%	1.5% - 3.0%
Laboratories	7.0%	1.8%	7.4%	1.5%
IDIADA	8.3%	1.9%	8.7%	1.5%

Country/geographical area	2016		2015	
	Discount rate after tax ("WACC")	Discount rate considered in calculating the terminal value ("g")	Discount rate after tax ("WACC")	Discount rate considered in calculating the terminal value ("g")
Spain	7.0% - 7.7%	1.6% - 1.9%	7.2% - 7.8%	1.5%
Rest of Europe	5.6% - 6.2%	1.7% - 2.0%	6.8% - 7.6%	1.7% - 2.0%
US and Canada	6.3% - 7%	2.2% - 2.3%	7.0% - 7.8%	2.4%
Latin America	11.4%	3.0%	12.6%	3.0%

c) EBITDA projections:

EBITDA is defined as operating profit before depreciation, amortization and other results (hereinafter - EBITDA-).

Group Executive Committee prepares and updates a Business Plan by geographical market and line of business. The main components of this plan are projections on operating income and expenses, investments and working capital. The Business Plan includes the 2017 budget approved by the Board of Directors of the Parent together with the projections for 2018-2021.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined using the budget and the Business Plan for 2018-2021 prepared by the Group Executive Committee.

The Business Plan and, consequently, the projections were prepared on the basis of past experience and on the best estimates available. Consequently, sales and margins reflect best estimates available on the developments expected in the industries in which the Applus Group is present.

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

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

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

The financial projections took into account the payment of corporate income tax (or the equivalent tax in each country).

Justification of key assumptions

As mentioned in Note 1, the Group's main activity is the provision of services by its professional staff. The Business Plan prepared by the Group Executive Committee and approved by the Parent's Board of Directors is based on a detailed sales plan broken down mainly by industry, geographical area and customer. Due to the specific nature of the Group, the existence of multiproducts and multiservices, multiple industries and geographical areas, as well as very diverse customers in certain cases, the Group considers EBITDA to be the main key assumption for impairment test purposes. EBITDA, together with the amortization charge related to operations adds up to the Adjusted Operating Profit, which is the main management aggregate defined by the Group.

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

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

Sensitivity analysis

If the recoverable amounts were subject to an analysis of the sensitivity of changes in the different variables; the discount rate ("WACC"), the perpetual growth rate ("g") or the cash flow projections (EBITDA), the changes, by cash-generating unit, in the Group's consolidated statement of profit or loss of 2016 (excluding the tax effect) would be as follows:

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

-1.0 WACC	-0.5 WACC	Cash-generating unit	+0.5 WACC	+1.0 WACC
239	118	Auto Spain	-	-
-	-	Auto Denmark	-	-
8,115	4,736	Auto Finland	(2,817)	(5,764)
603	324	Auto US	-	-
-	-	Energy & Industry Northern Europe	-	-
-	-	Energy & Industry North America	-	-
-	-	Energy & Industry Seameap	-	-
-	-	Energy & Industry Spain	-	-
-	-	Energy & Industry Latin America	-	-
-	-	IDIADA	-	-
-	-	Laboratories	-	-
8,957	5,178	Total	(2,817)	(5,764)

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

+0.8 g	+0.2 g	Cash-generating unit	-0.2 g	-0.8 g
-	-	Auto Spain	-	-
-	-	Auto Denmark	-	-
7,578	1,595	Auto Finland	(1,443)	(5,052)
-	-	Auto US	-	-
-	-	Energy & Industry Northern Europe	-	-
-	-	Energy & Industry North America	-	-
-	-	Energy & Industry Seameap	-	-
-	-	Energy & Industry Spain	-	-
-	-	Energy & Industry Latin America	-	-
-	-	IDIADA	-	-
-	-	Laboratories	-	-
7,578	1,595	Total	(1,443)	(5,052)

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

+10% EBITDA	+5% EBITDA	Cash-generating unit	-5% EBITDA	-10% EBITDA
906	453	Auto Spain	-	-
-	-	Auto Denmark	-	-
3,451	1,725	Auto Finland	(859)	(2,584)
1,214	632	Auto US	-	-
-	-	Energy & Industry Northern Europe	-	-
-	-	Energy & Industry North America	-	-
-	-	Energy & Industry Seameap	-	-
-	-	Energy & Industry Spain	-	-
-	-	Energy & Industry Latin America	-	-
-	-	IDIADA	-	-
-	-	Laboratories	-	-
5,571	2,810	Total	(859)	(2,584)

The combined effect of these sensitivities would be similar to the aggregation of the net individual effects, except for the positive effects of applying the intangible asset impairment charge, which would only be reversed up to the limit of the amount recognised (see Note 5).

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

Cash-generating unit	EBITDA reduction which would give rise to impairment	WACC after tax which would give rise to impairment	Perpetuity rate of return (g) which would give rise to impairment
Auto Spain	27.60%	9.96%	<0
Auto Denmark	71.59%	18.56%	<0
Auto Finland	2.51%	6.11%	1.88%
Auto US	21.40%	7.80%	<0
Energy & Industry Northern Europe	29.88%	9.51%	<0
Energy & Industry North America	14.06%	7.43%	<0
Energy & Industry Seameap	28.22%	13.25%	<0
Energy & Industry Spain	39.56%	15.61%	<0
Energy & Industry Latin America	16.70%	14.72%	<0
IDIADA	33.46%	15.08%	<0
Laboratories	19.20%	9.37%	<0

The Parent's Directors consider that, in view of the current margins, any possible negative impact in the Group activity would not significantly affect the impairment of the net assets associated with the any cash-generating unit.

7. Property, plant and equipment

The changes in 2016 and 2015 in the various property, plant and equipment accounts and in the related accumulated amortisation and provision were as follows:

	2016 – Thousands of Euros						
	Balance at 1 January 2016	Changes in the scope of consolidation (Note 2.b.e.1)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2016
Cost:							
Land and buildings	161,450	(1)	2,895	(772)	1,906	3,382	168,860
Plant and machinery	237,254	174	16,818	(10,989)	3,959	4,591	251,807
Other fixtures, tools and furniture	67,060	34	3,169	(699)	837	481	70,882
Other items of property, plant and equipment	71,660	136	6,355	(4,053)	628	2,151	76,877
Advances and property, plant and equipment in the course of construction	9,739	(30)	14,734	(45)	(7,105)	318	17,611
Grants	(149)	-	18	(432)	-	(1)	(564)
Total cost	547,014	313	43,989	(16,990)	225	10,922	585,473
Accumulated amortisation:							
Land and buildings	(56,003)	-	(5,434)	346	196	(633)	(61,528)
Plant and machinery	(157,670)	(131)	(21,439)	9,331	407	(3,544)	(173,046)
Other fixtures, tools and furniture	(51,350)	(10)	(3,775)	423	(172)	(378)	(55,262)
Other items of property, plant and equipment	(71,289)	(78)	(6,138)	3,457	(671)	(1,922)	(76,641)
Total accumulated amortisation	(336,312)	(219)	(36,786)	13,557	(240)	(6,477)	(366,477)
Total impairment	(1,495)	-	(550)	94	-	-	(1,951)
Total net value	209,207	94	6,653	(3,339)	(15)	4,445	217,045

	2015 – Thousands of Euros						
	Balance at 1 January 2015	Changes in the scope of consolidation (Note 2. b.e.2)	Additions or charge for the year	Disposals or reductions	Transfers	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)
Total impairment	(1,176)	-	(750)	474	-	(43)	(1,495)
Total net value	194,148	8,138	(931)	(427)	(482)	8,761	209,207

In 2016 the additions are related to the Group's normal course of operations.

The changes in exchange rates gave rise to a positive impact on the cost of the assets (same in prior year), which was due mainly to changes in the exchange rate of the US dollar.

The gross value of fully depreciated items of property, plant and equipment in use at 31 December 2016 amounted to EUR 197,266 thousand (31 December 2015: EUR 165,853 thousand). The Group did not have any temporarily idle items at 31 December 2016 or 2015.

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

At 31 December 2016 and 2015, the Group did not have any significant firm property, plant and equipment purchase commitments.

No borrowing costs had been capitalised to property, plant and equipment at the end of 2016 and 2015 and no disbursements made or advances granted at 31 December 2016 or 2015.

Certain Group companies have property, plant and equipment items that must be handed over to the Government at the end of the related concession term. The detail of the carrying amount of the assets subject to reversion at 31 December 2016 and 2015 is as follows:

	2016 - Thousands of Euros		
	Gross cost	Accumulated depreciation/ Impairment	Carrying amount
Applus Iteuve Technology, S.L.U.	41,759	(38,330)	3,429
IDIADA Automotive Technology, S.A.	45,634	(24,545)	21,089
Applus Iteuve Euskadi, S.A.U.	2,431	(1,882)	549
Total	89,824	(64,757)	25,067

	2015 - Thousands of Euros		
	Gross cost	Accumulated depreciation/ Impairment	Carrying amount
Applus Iteuve Technology, S.L.U.	45,664	(39,951)	5,713
IDIADA Automotive Technology, S.A.	39,863	(21,373)	18,490
Applus Iteuve Euskadi, S.A.U.	2,429	(1,799)	630
Total	87,956	(63,123)	24,833

The detail of the main assets held by the Group under finance leases at 31 December 2016 and 2015 is as follows:

	2016 – Thousands of Euros							
	Lease payments paid 2016	Lease payments outstanding	2017	2018	2019	2020	Others	Value of purchase option
Land and buildings	102	1,359	158	157	158	158	728	-
Plant and machinery	82	33	17	9	7	-	-	6
Furniture	66	28	28	-	-	-	-	-
Computer hardware	102	234	106	128	-	-	-	17
Transport equipment	1,948	1,051	607	304	140	-	-	-
Other items of property, plant and equipment	-	-	-	-	-	-	-	-
Total assets held under finance lease	2,300	2,705	916	598	305	158	728	23

	2015 – Thousands of Euros							
	Lease payments paid 2015	Lease payments outstanding	2016	2017	2018	2019	Others	Value of purchase option
Land and buildings	240	-	-	-	-	-	-	-
Plant and machinery	113	102	91	11	-	-	-	-
Furniture	69	15	14	1	-	-	-	-
Computer hardware	340	-	-	-	-	-	-	-
Transport equipment	3,560	2,132	1,852	265	12	3	-	-
Other items of property, plant and equipment	-	-	-	-	-	-	-	-
Total assets held under finance lease	4,322	2,249	1,957	277	12	3	-	-

At 31 December 2016 and 2015, no significant property, plant and equipment were subject to restrictions or pledged as security for liabilities.

8. Non-current financial assets

The changes in the various non-current financial asset accounts in 2016 and 2015 have been as follows:

	2016 – Thousands of Euros				
	Balance at 1 January 2016	Additions or charge for the year	Disposals, transfers or dividend distribution	Change in exchange rate	Balance at 31 December 2016
Investments in other companies	5,489	1,729	(2,257)	(53)	4,908
Non-current receivables	448	69	(177)	(6)	334
Deposits and guarantees	8,629	1,215	(2,262)	346	7,928
Impairment	(600)	-	-	-	(600)
Total	13,966	3,013	(4,696)	287	12,570

	2015 – Thousands of Euros				
	Balance at 1 January 2015	Additions or charge for the year	Disposals, transfers or dividend distribution	Change in exchange rate	Balance at 31 December 2015
Investments in other companies	5,183	1,799	(1,930)	437	5,489
Non-current receivables	865	8	(404)	(21)	448
Deposits and guarantees	7,274	2,236	(1,231)	350	8,629
Impairment	(600)	-	-	-	(600)
Total	12,722	4,043	(3,565)	766	13,966

Investments in other companies

In 2016 the Group recognised additions under "Investments in other companies" relating to the effect of associates accounted for using the equity method earning profits of EUR 1,724 thousand in 2016 (2015: EUR 1,799 thousand).

The main financial information on "Investments in Other Companies" at the end of 2016 and 2015 is as follows:

	2016 – Thousands of Euros		
	Velosi LLC	Velosi (B) Sdn Bhd	Total
Country	Oman	Brunei	
Percentage of ownership	50%	50%	
Non-current assets	1,087	262	1,349
Current assets	18,461	1,997	20,458
Liabilities	(12,778)	(601)	(13,379)
Net assets	6,770	1,658	8,428
Revenue	43,059	2,567	45,626
Profit after tax	3,185	261	3,446
Value of the investment	3,285	827	4,112

	2015 – Thousands of Euros		
	Velosi LLC	Velosi (B) Sdn Bhd	Total
Country	Oman	Brunei	
Percentage of ownership	50%	50%	
Non-current assets	1,448	240	1,688
Current assets	17,698	2,271	19,969
Liabilities	(12,088)	(765)	(12,853)
Net assets	7,058	1,746	8,804
Revenue	38,266	3,854	42,120
Profit after tax	2,823	398	3,221
Value of the investment	3,499	874	4,373

Deposits and guarantees

At 31 December 2016, "Deposits and Guarantees" included EUR 3.9 million (2015: EUR 4.4 million) relating to restricted cash deposits to secure certain contracts entered into.

9. Inventories

The detail of the Group's inventories at 31 December 2016 and 2015 is as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Goods held for resale	7,570	9,588
Raw materials and other supplies	492	518
Total inventories	8,062	10,106

These inventories relate mainly to X-Ray material used in non-destructive testing by the Energy & Industry division, reagents, fungibles and chemical compounds used in laboratory or field tests by the Laboratories division and spare parts and items used at the vehicle roadworthiness testing centres of the Automotive division.

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

The Group estimates that the inventories will be realised in less than twelve months.

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

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

The detail of these current asset headings in the accompanying consolidated statement of financial position as at 31 December 2016 and 2015 is as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Trade receivables for sales and services	285,650	308,878
Work in progress	95,560	100,877
Provision for doubtful debts	(29,267)	(27,843)
Trade receivables for sales and services	351,943	381,912
Trade receivables from related companies (Note 28)	1,698	2,095
Other receivables	19,613	16,647
Other accounts receivable from public authorities	5,906	6,731
Total trade and other receivables	379,160	407,385

The Group's average collection period for services rendered was 51 days in 2016 (2015: 53 days).

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

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

	Thousands of Euros	
	31/12/16	31/12/15
Not due	170,514	182,855
0-30 days	48,245	41,893
31-90 days	22,676	30,870
91-180 days	12,174	15,758
181-360 days	9,585	17,648
More than 360 days	22,456	19,854
Total trade receivables for sales and services	285,650	308,878
Provision for doubtful debts	(29,267)	(27,843)
Total trade receivables for sales and services, net	256,383	281,035

"Work in progress" relates to the valuation at the selling price of completed units of output not yet certified and pending to be billed to customers, for which Group Executive Committee considers that there is reasonable assurance of their billing (see Note 3.s).

Credit risk

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

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

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

However, the Group Executive Committee considers credit risk to be key to day-to-day management of the business and focuses its efforts on controlling and supervising receivables and doubtful debts, particularly in the industries with a higher risk of insolvency. In 2016 and 2015 particular attention has been paid to monitoring and recovering past-due receivables and a detailed analysis of customers with associated insolvency or default risks has been performed.

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

The changes in 2016 and 2015 in the provision for doubtful debts are 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	6,880
Amounts used	(3,081)
Disposals	(2,747)
Effect of exchange rate changes	372
Balance at 31 December 2016	29,267

In 2016 the Group has derecognised EUR 2,747 thousand of provisioned accounts receivable (2015: EUR 5,129 thousand) as they have been considered to be uncollectible.

11. Current financial assets, cash and cash equivalents

Current financial assets

At 31 December 2016, the amount included as short-term deposits and guarantees amounting to EUR 3,722 thousand (31 December 2015: EUR 4,253 thousand) and other financial assets of EUR 899 thousand (31 December 2015: EUR 5 thousand).

Cash and cash equivalents

At 31 December 2016 and 2015, the amount classified as "Cash and Cash Equivalents" in the accompanying consolidated statement of financial position related in full to cash, except for EUR 7,344 thousand (2015: EUR 3,391 thousand) that related to deposits with a term of less than three months.

12. Equity

a) Share capital

At 31 December 2016 and 31 December 2015, the Parent's share capital was represented by 130,016,755 fully subscribed and paid-up common shares of EUR 0.10 par value each. Transfer tax of 1,231 thousand of euros related to a capital increase on 29 November 2007 was recognized as a deduction from share capital in the consolidated financial statements.

Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31 December 2016, were as follows:

	% share
Southeastern Asset Management, Inc.	15,63%
Threadneedle Asset Management Limited	9,02%
Harris Associates L.P.	5,03%
Norges Bank	5,00%

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

b) Reserves and share premium

Under the Consolidated Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At the end of 2016 and 2015 the balance of this reserve amount to EUR 2,600 thousand and it had reached the legally required minimum.

At 31 December 2016, the share premium reserves amounted to EUR 313,525 thousand and it is fully available.

The Spanish Limited Liability Companies Law allows to use the share premium reserves balance to increase capital and it does not establish specific restrictions about the availability of that balance.

c) Treasury shares

At 31 December 2016, the Group held a total of 290,450 treasury shares at an average cost of EUR 9.77 per share. The value of these treasury shares totalled EUR 2,837 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement of financial position as at 31 December 2016 (see Note 3.z).

At 31 December 2015, the Group held or had purchased a total of 807,199 treasury shares, of which 750,000 were acquired through an equity swap which expired in February 2016.

In March and May 2016 the Group delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 516,749 shares, in all cases in accordance with the schedule approved in the economic incentive plan arising from the IPO and in the new incentive plan granted in 2016 and 2015 (see Notes 19 and 29).

d) Profit per share

The profit per share is calculated on the basis of the profit attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year. At 31 December 2016 and 2015 the profit per share is as follows:

	2016	2015
Number of shares	130,016,755	130,016,755
Average number of shares	130,016,755	130,016,755
Net consolidated profit attributable to the Parent (thousands of euros)	19,542	38,244
Number of treasury shares	290,450	807,199
Number of shares in circulation	130,016,755	130,016,755
Profit per share (in euros per share)		
- Basic	0.150	0.296
- Diluted	0.150	0.296

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

e) Foreign currency translation reserve

The detail of "foreign currency translation reserve" in the consolidated statement of financial position as at 31 December 2016 and 2015 is as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Applus+ Energy & Industry	7,677	3,096
Applus+ Laboratories	388	134
Applus+ Automotive	(47,792)	(44,735)
Applus+ IDIADA	1,128	1,064
Other	9,537	7,319
Total	(29,062)	(33,122)

f) Capital risk management

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

The data relating to the financial leverage ratios at the end of 2016 and 2015 are as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Bank borrowings (Note 14)	785,000	819,884
Other financial liabilities (Note 15)	23,527	24,047
Current financial assets (Note 11)	(4,621)	(4,258)
Cash and cash equivalents	(188,224)	(162,437)
Net financial debt	615,682	677,236
Total equity	657,594	651,296
Leverage (Net financial debt / Net debt + Equity)	48%	51%

13. Non-controlling interests

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

The detail of the non-controlling interests of the fully consolidated companies in which ownership is shared with third parties in 2016 and 2015 is as follows:

	2016 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	13,771	738	14,509
IDIADA Automotive Technology, S.A. subgroup	7,654	3,574	11,228
Arctosa Holding B.V. subgroup	136	112	248
Velosi S.à r.l. subgroup	13,843	4,415	18,258
Applus Iteuve Technology, S.L.U. subgroup	64	193	257
Total non-controlling interests	35,468	9,032	44,500

	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

The changes in "Non-Controlling Interests" in 2016 and 2015 are summarised as follows:

	Thousands of Euros	
	2016	2015
Beginning balance	47,145	38,709
Changes in the scope of consolidation (Note 2.b.e.)	(264)	1,612
Dividends	(10,294)	(6,000)
Translation differences	1,054	2,898
Other changes	(2,174)	238
Profit for the year	9,033	9,688
Ending balance	44,500	47,145

14. Bank borrowings

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

	2016 - Thousands of Euros						
	Limit	Current maturity	Non-current maturity				Total
			2018	2019	2020	2021 onwards	
Syndicated loan	845,733	974	-	-	753,484	-	753,484
Other loans	-	1,759	1,764	877	-	-	2,641
Credit facilities	123,127	23,437	-	-	-	-	-
Obligations under finance leases	-	916	598	305	158	728	1,789
Total	968,860	27,086	2,362	1,182	753,642	728	757,914

	2015 - Thousands of Euros						
	Limit	Current maturity	Non-current maturity				Total
			2017	2018	2019	2020 onwards	
Syndicated loan	845,733	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	993,652	52,504	2,389	42	3	764,946	767,380

a) Syndicated loan

On 26 June 2015, the Group refinanced this syndicated loan under an "Amend and Extend" agreement, improving the conditions of the prior agreement. The refinancing was entered into due to the improved credit market conditions since the loan was placed in April 2014. The main changes in the financing were 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 ratio and at the current leverage it reduced from 2.25% to 1.65 % with the current financial ratio.

The syndicated loan's interest rate is Euribor (for tranches in euros) / Libor (for tranches in foreign currency) plus a spread on the borrowed amount, which at the date of this report was 1,65%.

All the tranches have a single maturity of 26 June 2020.

The structure of the syndicated loan in 2016 and 2015 is as follows:

2016

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A1	478,903	478,903	26/06/2020
Facility A2	192,372	192,372	26/06/2020
Facility A3	24,458	24,458	26/06/2020
Facility B	150,000	-	26/06/2020
Effect of exchange rate changes	-	65,034	
Interest	-	974	
Debt arrangement expenses	-	(7,283)	
Total	845,733	754,458	

2015

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A1	478,903	478,903	26/06/2020
Facility A2	192,372	192,372	26/06/2020
Facility A3	24,458	24,458	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	845,733	766,800	

Facility A1 tranche was drawn down in euros (EUR 479 million), Facility A2 tranche was drawn down in US dollars (USD 268 million, approximately EUR 258 million) and Facility A3 tranche was drawn down in pounds sterling (GBP 20 million, approximately EUR 24 million).

No amount had been drawn down from the EUR 150 million Facility B tranche at 31 December 2016 (EUR 20 million had been drawn down at 31 December 2015 and were repaid on 15 January 2016).

a.1) Obligations and restrictions relating to the syndicated loan:

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).

Therefore as at 31 December 2016, the financial leverage ratio must be lower than 4.5 times. The actual ratio based on the consolidated financial statements as at 31 December 2016 is 3.2.

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 (see Note 27.a).

a.2) Guarantees given

Shares of certain Applus Group subsidiaries have been pledged to secure the syndicated loan (see Note 27.a).

b) Credit facilities and other loans

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

The Group entered into a non-recourse factoring agreement to sell outstanding receivables from customers for up to a maximum of EUR 20 million bearing interest at the market rate, of which EUR 14,828 thousand had been used at 2016 year-end (2015 year-end: EUR 9,593 thousand).

c) Disclosure for currency of bank borrowings

The detail of the main current and non-current bank borrowings at 31 December 2016 and 2015, by currency, is as follows:

	2016 - Thousands of Euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	474,559	256,021	23,878	-	-	-	754,458
Other loans	-	-	57	4,343	-	-	4,400
Credit facilities	4,580	4,814	1,381	6,866	5,668	128	23,437
Finance leases	58	739	-	10	28	1,870	2,705
Total	479,197	261,574	25,316	11,219	5,696	1,998	785,000

	2015 - Thousands of Euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	494,020	245,129	27,651	-	-	-	766,800
Other loans	-	-	97	5,820	-	-	5,917
Credit facilities	28,769	-	(424)	6,637	3,141	210	38,333
Finance leases	108	1,738	8	143	-	252	2,249
Treasury shares	6,585	-	-	-	-	-	6,585
Total	529,482	246,867	27,332	12,600	3,141	462	819,884

15. Other non-current financial liabilities

The detail of the related headings in the accompanying consolidated statement of financial position at 31 December 2016 and 2015 is as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Payable due to reversion (Note 27.a)	16,025	16,025
Other non-current financial liabilities	7,502	8,022
Total other non-current financial liabilities	23,527	24,047

"Payable due to reversion" for 2016 and 2015 includes the provisions for the guarantees covering the reversion of land on which certain vehicle roadworthiness testing centres are located in Catalonia, amounting to EUR 16,025 thousand (see Note 27.a). The payment period relating to these guarantees will not be known until the process described in Note 27.b has been completed.

"Other financial liabilities" includes mainly various loans with favourable terms and conditions that the subsidiaries have been granted by various public bodies. These loans mature between 2018 and 2023.

16. Financial risks and derivative financial instruments

Financial risk management policy

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

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

The Group's Policy consists on hedging all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable.

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

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

a) *Foreign currency risk*

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

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

- If the financial market of the country in which the investment is made allows for adequate financing to be obtained in terms of timing and cost, hedging is naturally obtained through financing taken in the same currency as that of the investment.
- If the above is not possible, the Group determines asset and liability sensitivity to exchange rate fluctuations on the basis of the extent and severity (volatility) of the risk exposure.

In relation to foreign currency risk, the estimated sensitivity in the Group's consolidated statements of profit or loss for 2016 and 2015 to a change of +/-5% in the exchange rates against the euro of the main currency in which the Group operates, US Dollar, would entail approximately a +/-1% variation of the Group's revenues.

b) Interest rate risk

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

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

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

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

	2016	2015
Average interest rate	1.86%	2.04%
Average financial debt drawn (thousands of euros)	779,871	792,199

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

	2016	2015
Change in interest rate +0,50%		
Change in borrowing costs (thousands of euros)	3,899	3,961

c) Liquidity risk

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

The Group takes various preventative measures to manage liquidity risk:

- The capital structure of each company is established taking into account the degree of volatility of the cash generated by it.
- Debt repayment periods and schedules are established on the basis of the nature of the needs being financed.
- The Group diversifies its sources of financing through continued access to financing and capital markets.
- The Group secures committed credit facilities for sufficient amounts and with sufficient flexibility.

Hedging instruments arranged

At 31 December 2016, the Group does not have any hedging instruments arranged.



17. Non-current provisions

The detail of "Non-Current Provisions" in 2016 and 2015 is as follows (in thousands of euros):

	31/12/16	31/12/15
Long-term employee obligations	7,689	7,686
Other provisions	9,239	21,202
Non-Current provisions	16,928	28,888

The changes in "Non-Current Provisions" in 2016 and 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	1,687
Amounts used	(4,657)
Finnish Tax Audit (Note 20.6)	(9,160)
Effect of exchange rate changes	170
Balance at 31 December 2016	16,928

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

a) Long-term employee obligations:

Long term employee obligations contain, mainly, benefits to certain employees of the Energy & Industry Seameap cash-generating unit amounting to EUR 5,912 thousand (2015: EUR 5,689 thousand) and to employees of the Energy & Industry Northern Europe cash-generating unit amounting to EUR 1,777 thousand (2015: 1,997 thousand).

The benefits of the Energy & Industry Northern Europe CGU relate, mainly, to the companies located in the Netherlands. These plans include the provision to pay one monthly salary payment to current employees upon completing 25 years of service and two monthly salaries payments upon completing 40 years of service.

The benefits at the Energy & Industry Seameap relate, mainly, to benefits that employees from companies located in the Middle East and Italy received at the end of their employment in Applus Group.

b) Other provisions:

Other provisions mainly contain:

	Thousands of Euros	
	31/12/16	31/12/15
Tax risks	5,955	16,940
Legal contingencies	2,929	2,929
Other provisions	355	1,333
Total	9,239	21,202

In 2016 the Group paid EUR 9,160 thousand following the dismissal of the appeal filed against the Finnish Administrative Court's decision (see Note 20.6).

The tax contingencies covered by provisions are described in Note 20.6.

The main legal contingencies covered by provisions are as follows:

- Litigation in progress due to alleged breach by one of the subsidiaries of an agreement with a third party. A provision of EUR 1,500 thousand was recognised relating to the risk estimated by the Directors and their legal advisers arising from the outcome of this litigation.
- An arbitral award ordering a Group subsidiary to pay USD 3,347 thousand to a third party and ordering a third party to pay USD 2,220 thousand to a Group subsidiary due to discrepancies in the final outcome of work performed on a project. The Group has recognised a provision of EUR 1,429.

18. Other current and non-current liabilities

The detail of "Other Non-Current Liabilities" and "Other Current Liabilities" in 2016 and 2015 is as follows (in thousands of euros):

	31/12/16	31/12/15
Variable price of the acquisition of ownership interest payable at long term (earn outs)	1,933	5,056
Other non-current liabilities	5,017	8,142
Other non-current liabilities	6,950	13,198
Variable price of the acquisition of ownership interest payable at short term (earn outs)	1,339	3,884
Other current liabilities	7,944	4,545
Other current liabilities	9,283	8,429
Total other liabilities	16,233	21,627

In 2016 the Group recognised as a non-current liability a provision for the earn-out of the acquisition of Aerial Photography Specialist PTY. Ltd., amounting to AUD 648 thousand (EUR 453 thousand) (see Note 2.b.e.1.1). Also, in 2015 the Group recognised as a non-current liability the provision for the variable portion of the acquisition of the SKC Group, amounting to CAD 2,054 thousand (EUR 1,480 thousand) (see Note 2.b.e.2.1). The payments are scheduled for 2020 and 2019, respectively.

In addition, at 31 December 2016, current liabilities included EUR 1,240 thousand in connection with the deferred payment for the acquisition of the subsidiary IDIADA Automotive Technology, S.A. and USD 104 thousand (EUR 99 thousand) in connection with the deferred payment for the acquisition of the subsidiary Applus OMS Co Ltd., both payable in 2017.

"Other Current Liabilities" and "Other non-current Liabilities" include mainly other financial payables not related to bank borrowings.

19. Trade and other payables

The detail of trade and other payables in 2016 and 2015 is as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Trade and other payables	190,113	181,349
Trade and other payables with related companies (Note 28)	3	616
Remuneration payable	66,718	66,185
Tax payable	61,736	54,951
Total	318,570	303,101

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

The Group's average payment period in 2016 was 61 days (2015: 51 days).

"Remuneration Payable" mainly relates to ordinary remuneration payable as annual bonus and; extra-pay and holidays accruals.

Additionally, "Remuneration Payable" includes the following amounts:

- a) EUR 8,720 thousand (31 December 2015: EUR 10,050 thousand) corresponding to the incentives derived from the Initial Public Offering (IPO) to be received in RSUs by the Executive Director and certain Senior Executives of the Group (see Note 29).
- b) EUR 1,019 thousand (31 December 2015: EUR 536 thousand) relating to the variable remuneration plan comprising the annual delivery of a fixed number of RSUs to certain executives and employees of the Group (see Note 29).
- c) EUR 1,666 thousand (31 December 2015: EUR 1,666 thousand) relating to the multiannual variable remuneration receivable by certain executives if the Group achieves certain financial targets in 2014, 2015 and 2016 (see Note 29) and EUR 372 thousand relating to the Long-Term Incentive Plan, that replaced this multiannual variable remuneration granted to the Executive Director and to Senior Executives of the Group comprising the delivery of PSUs and/or RSUs if the Group achieves certain financial targets (see Note 29).

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

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

The Group companies with tax residence in Spain adapted their payment periods in line with Additional Provision Three "Disclosure Obligation" of Law 15/2010, of 5 July 2010 (amended by Final Provision Two of Law 31/2014, of 3 December 2014). Detailed below are the disclosures required by the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 to be included in notes to the financial statements in relation to average payment periods to suppliers in commercial transactions.

	2016	2015
	Days	Days
Average payment period to suppliers	58	54
Ratio of transactions settled	60	55
Ratio of transactions not yet settled	28	36
	Thousands of Euros	Thousands of Euros
Total payments made	85,630	90,981
Total payments outstanding	4,407	6,217

The data shown in the table above relates exclusively to the Spanish companies. The data shown in the table in relation to payments to suppliers relate, pursuant to the ICAC Resolution, to commercial transactions relating to goods supplied and services provided since the entry into force of Law 31/2014, of 3 December 2014.

Suppliers, solely for the purpose of disclosing the information provided for in this resolution, are considered to be trade creditors for the supply of goods and services and are included under "Current Liabilities - Trade and Other Payables" in the accompanying consolidated statement of financial position.

"Average payment period to suppliers" is understood to be the period between the supply of the goods or the provision of the services on the supplier's account and the effective payment of the transaction.

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December 2004, on combating late payment in commercial transactions, is 30 days. This period may be extended by an agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2015).

However, most of the payments outstanding by the Spanish consolidated companies at year end has been paid during the first two months of the year 2017.

20. Corporate income tax

20.1 Corporate income tax expense recognised in the consolidated statement of profit or loss

The detail of the corporate income tax expense recognised in 2016 and 2015 is as follows (in thousands of euros):

	2016	2015
Current tax:		
For the year	27,951	33,360
Impact of Royal Decree-Law 3/2016	2,273	-
Prior years	-	116
	30,224	33,476
Deferred tax:		
For the year	(7,402)	(8,220)
Impact of Royal Decree-Law 3/2016	9,090	-
Prior years	-	(5,551)
	1,688	(13,771)
Corporate Income tax expense	31,912	19,705

The detail of the changes in deferred taxes, recognised as corporate income tax expense/(benefit) in the consolidated statement of profit or loss in 2016 and 2015, is as follows (in thousands of euros):

	2016	2015
Tax credits for tax loss carry forwards	(1,032)	(1,193)
Withholding taxes and other unused tax credits	(194)	(1,130)
Temporary differences:		
Amortisation of intangible assets recognized at fair value	(11,043)	(12,041)
Finance costs - Spanish companies	4,947	5,266
Impact of Royal Decree-Law 3/2016	9,090	-
Others	(80)	(4,673)
Deferred corporate income tax expense (benefit)	1,688	(13,771)

The corporate income tax expense is calculated in 2016 and 2015 as follows (in thousands of euros):

	2016	2015
Profit before tax	60,487	67,637
Consolidated corporate income tax rate at 25% (*)	15,122	18,938
Tax effect of:		
Differences due to corporate income tax rates in different countries	9,688	8,483
Non-deductible expenses	-	1,877
Tax-exempt income	(2,706)	(1,859)
Deduction of unrecognised tax assets and others	(1,555)	(2,299)
Adjustment of prior years' corporate income tax	-	(5,435)
Changes in tax rates and laws	11,363	-
Corporate income tax expense	31,912	19,705

(*) 28% in 2015

Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures, was published in the Spanish Official State Gazette on 3 December 2016. This Royal Decree-Law includes a set of tax measures aimed chiefly at increasing tax collection, which affects mainly income tax but also affects other taxes or has other far-reaching effects, such as eliminating the possibility of deferral or payment by instalment of certain tax obligations.

The main implications of the Royal Decree-Law on the Group's consolidated financial statements and, specifically, on the Spanish companies' consolidated tax group, for the periods beginning on or after 1 January 2016 are as follows:

- Limits on the offset of tax losses.

The limit of 70% (60% for tax periods commencing in 2016) on the offset of prior years' tax losses has been replaced by a limit of 25% (with application to the Group as the Spanish consolidated tax group's revenue exceeds EUR 60 million).

- Accelerated reversal of impairment losses deducted in the past on shares representing ownership interests.

The amount of the reversal of the impairment losses on the shares representing ownership or equity interests in entities that had become deductible from the tax base for income tax purposes in tax periods commencing prior to 1 January 2013 shall be included, at least, in equal portions in the tax base for each of the first five tax periods commencing on or after 1 January 2016.

As a result of this Royal Decree-Law, at 2016 year-end the Spanish consolidated tax group recognised a tax expense amounting to EUR 11,363 thousand in the accompanying consolidated statement of profit or loss (EUR 2,273 thousand in current tax and EUR 9,090 thousand in deferred tax), since it was considered that there are very severe restrictions on the transfer of shares before the five-year period expires, due to legal, contractual or other reasons, in relation to the sale or settlement of the investments concerned, and to the circumstances specifically affecting them. This amount covers the impairment losses to be recognised in the five year period from 2016 to 2020.

- Limit on the use of tax credits for the avoidance of double taxation.

The tax credits for the avoidance of international double taxation envisaged in Articles 31, 32 and 100.11, and the tax credits for the avoidance of double taxation referred to in transitional provision 23 of the Spanish Income Tax Law may not jointly exceed 50% of the Spanish consolidated tax group's gross tax payable (with application to the Group as its revenue exceeds EUR 20 million).

20.2 Current corporate income tax assets and liabilities

The detail of the current corporate income tax receivables and payables at the end of 2016 and 2015 is as follows (in thousands of euros):

	31/12/16	31/12/15
Current corporate income tax assets	15,893	12,305
Corporate income tax prepayments	15,893	12,305
Current corporate income tax liabilities	12,091	15,693
Corporate income tax payables	12,091	15,693

20.3 Deferred tax assets

The detail of "Deferred Tax Assets" at the end of 2016 and 2015 is as follows:

	Thousands of Euros	
	31/12/16	31/12/15
Tax losses of Spanish companies	32,237	33,439
Tax losses of US companies	10,378	9,039
Tax losses of Other foreign companies	3,596	2,701
Tax credits for tax loss carry forwards	46,211	45,179
Tax credits of Spanish companies	1,896	2,357
Tax credits and Withholding taxes of Foreign companies	9,809	9,154
Withholding taxes and other tax credits	11,705	11,511
Temporary differences due to the non-deductibility of finance expenses as provided for in Royal Decree-Law 12/2012	6,297	11,244
Other temporary differences - Spanish companies	6,432	6,576
Temporary differences - Foreign companies	16,554	10,845
Total temporary differences	29,283	28,665
Total deferred tax assets	87,199	85,355

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

At the end of each year the Parent's Directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered. In this regard, at 31 December 2016 the tax credits for tax loss that are recognised are those which the Parent's Directors consider that would be probably offset over a time period of less than ten years through the achievement of sufficient future profits.

The factors taken into consideration by the Parent's Directors to recognise as a deferred tax asset, including tax credit for tax loss carryforwards, withholding taxes, and tax credits for temporary differences at 31 December 2016, which support their future recoverability, are as follows:

- The Budget for 2017 and the Group's business plan for 2018-2021 envisages profit for 2017 and subsequent years, sufficient in order to offset all the tax losses recognised (already taking into account the implications of the new Spanish tax laws described in Note 20.1 above).
- In 2016 and 2015 the consolidated tax group in Spain obtained taxable income of EUR 31,182 and EUR 29,740 thousand which enabled it to use unrecognised tax losses from prior years amounting to EUR 2,136 and EUR 3,460 thousand, respectively.
- A mandate was issued by the Board of Directors to Group Executive Committee to execute all of the initiatives envisaged in the business plan and it is considered highly probable that it will be met in light of the experience of prior years.

The prior years' tax loss carryforwards of the companies at the end of 2016 and 2015 are as follows:

2016

Year incurred	Thousands of Euros	
	Recognised	Not recognised
2004	-	11
2005	-	8,757
2007	5,211	23,457
2008	474	760
2009	33,388	239
2010	58,142	2,084
2011	47,529	3,147
2012	3,816	14,044
2013	2,156	6,761
2014	1,906	9,079
2015	9,369	17,636
2016	10,042	30,467
Total	172,033	116,442

2015

Year incurred	Thousands of Euros	
	Recognised	Not recognised
2003	-	12
2004	-	50
2005	-	9,120
2006	-	1,769
2007	382	33,271
2008	203	1,201
2009	39,379	470
2010	59,859	1,253
2011	51,506	2,155
2012	3,680	10,746
2013	2,173	5,232
2014	1,946	7,591
2015	10,335	15,665
Total	169,463	88,535

Most of the Group's tax losses arose from the Spanish companies' consolidated tax group (EUR 128,948 thousand recognised and EUR 32,382 thousand not recognised).

The detail of the Spanish companies' unused tax credits at the end of 2016 and 2015 is as follows:

Year	Thousands of Euros			
	2016		2015	
	Recognised	Not recognised	Recognised	Not recognised
1999	-	-	-	82
2000	-	-	-	187
2002	-	-	-	613
2003	-	52	-	77
2004	-	63	-	88
2005	-	85	-	357
2006	-	246	-	290
2007	-	300	-	338
2008	9	730	-	1,035
2009	-	1,781	-	1,820
2010	-	1,876	-	1,923
2011	-	1,940	-	1,983
2012	-	2,311	-	2,378
2013	1,329	27,518	2,357	27,978
2014	-	6,407	-	6,573
2015	-	5,893	-	-
2016	558	2,893	-	-
Total	1,896	52,095	2,357	45,722

Of the total recognised and unrecognised tax credits at 31 December 2016, EUR 13,342 thousand relate to incentives for certain activities (mainly investment in R&D+i expenditure), EUR 38,975 thousand relate to double taxation credits and EUR 1,682 thousand to the reinvestment of gains at 31 December 2016. Of the total recognised and unrecognised tax credits at 31 December 2015, EUR 12,968 thousand related to investment in R&D+i expenditure, EUR 32,731 thousand to double taxation credits and EUR 2,380 thousand to the reinvestment of gains.

The foreign companies' unused tax credits not recognised in the accompanying consolidated statement of financial position are not significant.

20.4 Deferred tax liabilities

"Deferred Tax Liabilities" on the liability side of the accompanying consolidated statement of financial position as at 31 December 2016 and 2015 includes mainly the following:

	Thousands of Euros	
	31/12/16	31/12/15
Temporary differences associated with:		
recognition at fair value of the identifiable assets in acquisitions of business combinations	116,865	126,208
depreciation and amortisation and measurement of assets and goodwill	29,342	25,480
Royal Decree-Law 3/2016 (Note 20.1)	9,090	-
amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	4,158	3,440
other deferred tax liabilities	5,394	6,189
Total deferred tax liabilities	164,849	161,317

20.5 Corporate Income Tax rates applicable to the Group

Each company calculates its corporate income tax expense in accordance with its respective legislation. The main corporate income tax rates applicable to the Group are as follows:

Country	Tax rate	Country	Tax rate	Country	Tax rate
Spain	25%	UK	20%	Angola	30%
US	35%	Germany	30%	United Arab Emirates	-
Finland	20%	Australia	30%	Luxembourg	21%
Ireland	12.5%	Italy	27.5%	Kuwait	15%
Canada	26.5%	Brazil	34%	Malaysia	24%
Norway	25%	Argentina	35%	Singapore	17%
Denmark	22%	Chile	24%	Qatar	10%
Netherlands	25%	Colombia	34%	Saudi Arabia	20%
Mexico	30%				

20.6 Years open for review and tax audits

The Spanish companies have 2012 and subsequent years open for review by the tax authorities for all of the applicable taxes. The foreign companies have the last few years open for review in accordance with the legislation in force in each of their respective countries. The Parent's Directors do not expect any additional significant liabilities to arise in the event of a tax audit.

The main tax audits that are ongoing and the main tax contingencies to which the Group is exposed are as follows:

- Lawsuit related the administrative process over Income Tax of the Group's branch in Finland (fiscal years 2008-2014): The tax treatment of the interest costs of a loan granted from Applus Spain was challenged by the Tax Authorities. In 2016 the Group received the final decision from the Finnish Supreme Court in relation to the tax returns for 2008 to 2012, which resulted in a payment of EUR 9,160 thousand to the Finnish Government. The Group had a provision of EUR 11.1 million for the total amount claimed in relation to all years under dispute at 31 December 2015 recognised under "Long-Term Provisions". The provision recognised under "Long-Term Provisions" in the accompanying consolidated financial statements totalled EUR 1,940 thousand (fiscal years 2013-2014) at 31 December 2016.
- Lawsuit related to the Chilean income tax audit (fiscal years 2008 and 2010): At 31 December 2016, a decision was not issued by the first judicial instance on either of the two on going proceedings (there was no final decision) and the Group had a provision recognized at 31 December 2016 and at 31 December 2015 under "Long-Term Provisions" of EUR 2,500 thousand in relation to this tax contingency.

In addition, in 2016 certain Group subsidiaries were notified by the tax authorities of the countries in which they operate that some of their taxes filed are open for review. At 31 December 2016, the process was still in a preliminary phase and no conclusions had been received from the tax authorities which could have a significant impact on the accompanying consolidated financial statements.

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

21. Operating income and expenses

a) Staff costs

The detail of "Staff Costs" in the accompanying consolidated statement of profit or loss in 2016 and 2015, is as follows:

	Thousands of Euros	
	2016	2015
Wages, salaries and similar expenses	672,957	680,769
Severances	3,507	10,918
Employee benefit costs	95,358	93,045
Other staff costs	68,569	78,621
Total	840,391	863,353

The average number of employees at the Group, by professional category and gender in 2016 and 2015, is as follows:

Professional category	Average number of employees		
	2016		
	Men	Women	Total
Top management	129	21	150
Middle management	314	60	374
Supervisors	890	194	1,084
Operational employees & others	13,676	3,290	16,966
Total	15,009	3,565	18,574

Professional category	Average number of employees		
	2015		
	Men	Women	Total
Top management	154	26	180
Middle management	340	76	416
Supervisors	1,122	248	1,370
Operational employees & others	13,026	3,131	16,157
Total	14,642	3,481	18,123

Also, the distribution of the workforce, by gender and category, at the end of 2016 and 2015 is as follows:

Professional category	No. of employees end of year		
	2016		
	Men	Women	Total
Top management	130	20	150
Middle management	308	61	369
Supervisors	882	189	1,071
Operational employees & others	13,404	3,301	16,705
Total	14,724	3,571	18,295

Professional category	No. of employees end of year		
	2015		
	Men	Women	Total
Top management	148	25	173
Middle management	336	74	410
Supervisors	1,100	244	1,344
Operational employees & others	13,084	3,145	16,229
Total	14,668	3,488	18,156

b) Other results

The detail of the other results for 2016 and 2015 relates mainly to extraordinary termination benefits due to restructuring, start-up costs, and changes in fair value of considerations in business combinations.

c) Fees paid to auditors

In 2016 and 2015 the fees billed for financial audit and other services provided by the auditor of the Group's consolidated financial statements, Deloitte, S.L., and by firms in the Deloitte organisation, and the fees billed by the auditors of the separate financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows (in thousands of euros):

2016

	Fees for services provided by the principal auditor	Fees charged by other audit firms
Audit services	1,954	360
Other attest services	226	-
Total audit and related services	2,180	360
Tax advice	166	
Other services	12	
Total professional services	2,358	

2015

	Fees for services provided by the principal auditor	Fees charged by other audit firms
Audit services	1,832	330
Other attest services	225	-
Total audit and related services	2,057	330
Tax advice	124	
Other services	12	
Total professional services	2,193	

22. Financial result

The detail of the financial loss in 2016 and 2015 is as follows:

	Thousands of Euros	
	2016	2015
Finance Income:		
Other finance income by third parties	1,300	3,895
Exchange differences	993	-
Total finance income	2,293	3,895
Finance costs:		
Borrowing costs relating to syndicated loan (Note 14)	(14,664)	(16,885)
Other finance costs paid to third parties	(6,195)	(8,815)
Exchange differences	-	(2,823)
Total finance costs	(20,859)	(28,523)
Financial result	(18,566)	(24,628)

23. Information on the environment

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

The Parent's Directors consider that the environmental risks which might arise from its business activities are minimal and, in any event, adequately covered, and that no additional liabilities will arise in connection with these risks. The Group did not incur significant expenses or receive environment-related grants in 2016 or 2015.

24. Proposal of allocation of profit/loss

The proposed allocation of the Parent's net profit, formulated by the Board of Directors and will be presented at the next Parent's Annual General Meeting of the Shareholders, for 2016 is as follows:

	Thousands of Euros
Basis of allocation:	
Profit for the year	26,737
	26,737
Allocation:	
To dividends	16,902
To unrestricted reserves	9,835
Total	26,737

The proposed dividend of EUR 16,902 thousand corresponds to a gross amount of EUR 0.13 per share.

25. Segmented information

At 31 December 2016, the Group operates through four operating divisions and a holding division, each of which is considered to be a segment for financial reporting purposes.

It should be noted that the Group operated through five divisions in 2015. However, the Applus+ RTD and Applus+ Velosi-Norcontrol divisions completed their integration and, accordingly, segment information has been reported jointly since 1 January 2016 and on a comparative basis for the previous periods. The new division has been denominated Applus+ Energy & Industry.

The four operating segments are as follows:

- Applus+ Energy & Industry provides non-destructive testing, quality control and accreditation services, project management, supplier inspection, facility inspection and asset certification and integrity services. It also provides qualified staff recruitment and hiring services for the oil and gas, aircraft, energy, mining, telecommunications and construction industries.
- Applus+ Laboratories: offers a wide range of laboratory testing, system certification, product development services across various industries and electronic payment systems, including the aerospace and industrial sectors.
- Applus+ Automotive: offers mandatory vehicle roadworthiness testing services, verifying vehicles' compliance with safety and emissions regulations in force in the various countries in which it operates.
- Applus+ IDIADA: offers design, engineering, testing and certification services mainly to car manufacturers.

a) Financial information by segment:

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

2016

	Applus+ Energy &Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	1,052,586	60,734	293,335	179,629	212	1,586,496
Operating expenses	(972,831)	(54,669)	(235,972)	(157,390)	(24,486)	(1,445,348)
Adjusted Operating Profit	79,755	6,065	57,363	22,239	(24,274)	141,148
Amortisation charge	(20,951)	(1,427)	(23,089)	(2,160)	-	(47,627)
Remuneration plans (Note 29)						(11,076)
Impairment and gains or losses on disposal of non-current assets and other results						(5,116)
Operating Profit						77,329

2015

	Applus+ Energy &Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Revenue	1,186,887	54,651	297,528	162,229	178	1,701,473
Operating expenses	(1,083,550)	(50,126)	(236,717)	(141,310)	(27,575)	(1,539,278)
Adjusted Operating Profit	103,337	4,525	60,811	20,919	(27,397)	162,195
Amortisation charge	(20,791)	(1,427)	(23,089)	(2,160)	-	(47,467)
Remuneration plans (Note 29)						(14,180)
Impairment and gains or losses on disposal of non-current assets and other results						(10,082)
Operating Profit						90,466

The Adjusted Operating Profit is the operating profit before the amortisation charge of the intangible assets allocated in the business combinations (see Note 5), the costs of the remuneration plans related to the Initial Public Offering (see Note 29) and the impairment and gains or losses on disposal of non-current assets and other results (see Note 21.b).

The remuneration plans include the charge of the historical management incentive plan as disclosed in the Initial Public Offering that are included under "Staff Costs" in the consolidated statement of Profit or Loss (see reconciliation in the Management Report). These remuneration plans relate mainly to the "Other" segment.

The other results are included under "Impairment and gains or losses on disposal of non-current assets" and "Other results" in the consolidated statement of Profit or Loss.

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

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

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

2016

	Applus+ Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Other	Total
Goodwill	261,629	32,251	183,948	56,390	1,263	535,481
Other intangible assets	241,655	23,100	226,824	40,106	1,872	533,557
Property, plant and equipment	81,715	11,184	100,475	23,353	318	217,045
Non-current financial assets	9,828	121	1,677	742	202	12,570
Deferred tax assets	33,379	929	9,535	1,418	41,938	87,199
Total non-current assets	628,206	67,585	522,459	122,009	45,593	1,385,852
Total liabilities	290,162	30,575	157,766	73,558	786,453	1,338,514

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

The additions to intangible assets and also to property, plant and equipment, by business segment, in 2016 and 2015 are as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
Capex 2016	24,303	3,801	13,482	10,685	1,463	53,734
Capex 2015	24,628	3,800	12,624	8,607	994	50,653

b) Financial information by geographic segment:

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

The sales, by geographical area, in 2016 and 2015, were as follows:

	Thousands of Euros	
	2016	2015
Spain	292,581	276,405
Rest of Europe	440,380	467,134
US and Canada	321,623	367,830
Asia and Pacific	197,799	226,896
Middle East and Africa	190,163	209,083
Latin America	143,950	154,125
Total	1,586,496	1,701,473

The non-current assets, by geographical area, in 2016 and 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
31 December 2016	648,432	313,859	275,904	87,464	51,743	8,450	1,385,852
31 December 2015	672,129	335,196	272,658	85,902	42,309	9,871	1,418,065

26. Operating leases

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

The expenses incurred by the Group in 2016 in relation to rent and royalties amounted to EUR 103,301 thousand (2015: EUR 103,934 thousand).

At the end of 2016 and 2015 the Group had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the Consumer Price Inflation (CPI) or future contractual lease payment revisions (in thousands of euros), not including the expenses for royalties available to the Group:

Operating leases	2016	2015
Within one year	49,364	48,010
Between one and five years	142,335	130,561
After five years	17,952	20,066
Total	209,651	198,637

The accompanying table does not include the amounts of the royalties committed for the next few years since these are generally subject to a percentage of the revenue or the investments made. In 2016 the expense relating to royalties totalled EUR 40,946 thousand (2015: EUR 42,251 thousand).

27. Obligations acquired and contingencies

a) Guarantees and obligations acquired

The Group had provided guarantees required by the business activities of the Group companies totalling EUR 100.8 million (31 December 2015: EUR 97.3 million), as shown in the following detail by business unit (in millions of euros):

Guarantees provided	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Other	Total
31 December 2016	65.8	6.7	22.8	5.3	0.2	100.8
31 December 2015	53.7	8.8	29.7	4.9	0.2	97.3

There are guarantees included in Applus+ Laboratories and Applus+ IDIADA divisions amounting to EUR 7.7 million (31 December 2015: EUR 7.7 million) provided to the Catalonia Autonomous Community Government in connection with the incorporation of the subsidiaries IDIADA Automotive Technology, S.A. and LGAI Technological Center, S.A.

The other guarantees from the different divisions relate mainly to guarantees provided to companies and public agencies as provisional or final guarantees in connection with submitting tenders or securing awarded contracts.

The Group also has certain obligations and guarantees under the financing agreement (see Notes 14.a.1 and 14.a.2). These obligations include reporting obligations relating to the Group's financial statements and business plans; the obligation to take certain measures such as guaranteeing accounting closes, refrain from performing certain transactions without the consent of the lender, such as mergers, changes of business activity, assignments, dividend payments, share redemptions, and the financial obligation to achieve certain financial ratios, among others.

The Parent's Directors do not expect any material liabilities as a result of the transactions described in this Note and in addition to those recognised in the accompanying consolidated statement of financial position.

b) Contingencies

b.1. Auto Catalonia

Current legislation on access to the provision of the vehicle roadworthiness testing service stipulates a quota-bound administrative authorisation system, which was challenged by certain operators on the basis that the Services Directive should be applicable and hence, a free market be set.

On 21 April and 6 May 2016, the Supreme Court handed down rulings in relation to the operation of the statutory vehicle inspection authorisation regime in Catalonia in line with the judgment given by the European Court of Justice on October 2015 in response to the preliminary ruling from the Supreme Court, and which concluded that the Services Directive was not applicable to statutory vehicle inspection services which are ruled by transport regulations and, therefore, it validated both the Catalan regime and the authorisations granted to Applus in 2010 which are in force until 2035. The Supreme Court has also cancelled the restrictions on the maximum market share and minimum distance between a single operator's test centres and, consequently, of the tender called to operate new test centres, as established in the territorial plan, in which the Applus Group was unable to participate owing to such restrictions. Finally, the Supreme Court has declared void the process by which certain public assets were awarded for the use of the authorised operators (Disposición Adicional Segunda of Decree 30/2010) and the Order regulating the monetary consideration for the use of such assets; the Generalitat of Catalonia may amend and implement this process with regards to its assets.

The Parent's Directors consider the rulings to be a positive outcome, which validate the authorisation regime in Catalonia and the titles held by Applus.

b.2 Other contingencies

Certain subsidiaries of the Group are facing a number of lawsuits from former employees regarding the amount of hours of over-time worked. The Group believes these claims are unfounded. These subsidiaries are currently presenting their respective defence documents, thus the Group believes it is premature to determine their outcome as well as to quantify the potential impact on the Group. In any case, the impact would not be significant for the attached consolidated financial statements. The Parent Company's Directors consider that the outcome of all above proceedings will not entail material additional liabilities to those in the consolidated financial statements at 31 December 2016.

At 2016 year-end, the Parent's Directors were not aware of any significant claims brought by third parties or of any ongoing legal proceedings against the Group that, in their opinion, could have a material impact on these consolidated financial statements.

28. Transactions and balances with related parties

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

- The significant shareholders of Applus Services, S.A., are 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 Executive, 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.

The transactions between the Group and its related companies disclosed below, are performed at arm's length and in line with market conditions.

Transactions with related companies

In 2016 and 2015 the Parent and its subsidiaries performed the following transactions with related companies:

	Thousands of Euros							
	2016				2015			
	Operating revenue	Procurements	Personnel Expenses	Other expenses	Operating revenue	Procurements	Personnel Expenses	Other expenses
Velosi LLC	3,870	99	-	64	5,437	673	3	31
Total	3,870	99	-	64	5,437	673	3	31

The transactions with related companies correspond to commercial transactions.

The transactions and balances between the Applus Group and related parties (Directors and Senior Executives) are detailed in Note 29.

During 2016 and 2015 there have not been any transactions nor are there any significant amounts outstanding at year end, with significant shareholders.

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related companies	
	31/12/16	31/12/15
Velosi LLC	1,536	1,805
Velosi (B) Sdn Bhd	162	132
Kurtec Pipeline Services Ltd.	-	80
Kurtec Pipeline Services LLC	-	78
Total	1,698	2,095

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related companies	
	31/12/16	31/12/15
Velosi LLC	3	613
Velosi (B) Sdn Bhd	-	3
Total	3	616

29. Disclosures on the Board of Directors and the Senior Executives

Remuneration of and obligations to the Board of Directors

The detail of the remuneration earned by the Executive Director and the Parent's Directors at 2016 and 2015 year-end is as follows:

a) Annual remuneration:

	Thousands of Euros					
	31/12/16			31/12/15		
	Executive Director	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	650	-	650	650	-	650
Variable remuneration	325	-	325	325	-	325
Other items	41	-	41	37	-	37
Non Executive Chairman and Independent Directors	-	483	483	-	391	391
Corporate Social Security Committee	-	50	50	-	50	50
Appointments & Compensation Committee	-	56	56	-	50	50
Audit Committee	-	59	59	-	34	34
Total	1,016	648	1,664	1,012	525	1,537

In 2016 and 2015 the Executive Director and the members of the Board of Directors did not earn or receive any termination benefits or pension plan contributions.



Additionally, on 22 June 2016 the Parent's General Meeting approved a long-term incentive plan ("LTI") whereby the Executive Director will receive PSUs (Performance Stock Units) convertible into shares of the Parent within three years of the grant date. The first conversion is scheduled for February 2019. In principle, the PSUs amount to 60% of their annual fixed remuneration; however, subject to the degree of achievement of the financial parameters, this amount may range from 0% to 120%. The financial parameters are the Total Shareholder Return and the Adjusted Earnings per Share.

For the purposes of the statement of profit or loss (pursuant to IFRS 2), a degree of achievement of 60% of the Executive Director's fixed remuneration has been considered, with a three-year vesting period.

Executive Director	31/12/16	31/12/17	31/12/18	31/12/19	Total
Long-term incentive (PSUs):					
Number of PSUs delivered	44,931				44,931
PSU delivery date	July 16				
Share value on PSU delivery date	8.68				
Date of conversion into shares				February 19	
Number of PSUs convertible into shares				44,931	44,931

Impact on profit or loss	2016	2017	2018	Total
Vesting period (months)	12 months	12 months	12 months	
Impact on profit or loss (thousands of euros)	130	130	130	390

b) Remuneration related to the Group's Initial Public Offering (IPO):

The Executive Director is a beneficiary of the Economic Incentive Plan remuneration system. This remuneration system comprises (i) a Cash-Settled Economic Incentive, paid in 2014; and (ii) the RSU (Restricted Stock Units)-Settled Economic Incentive which consists of the delivery free of charge of a certain number of RSUs. This plan will be completed upon the last delivery of shares in May 2017.

In relation to the RSU-Settled Economic Incentive, the RSUs were delivered on the remuneration system grant date (i.e., 9 May 2014), and they were exchangeable for shares of the Parent in accordance with the vesting schedule agreed with the beneficiary of the remuneration system:

Executive Director	31/12/14	31/12/15	31/12/16	31/12/17	Total
Cash-settled Economic Incentive (thousands of euros)	9,950				9,950
RSU-settled Economic Incentive:					
Number of RSUs delivered	1,178,968				1,178,968
Delivery date of RSUs	09/05/14				
Share value on RSU delivery date (euros)	14.50				
Date of conversion into shares		09/05/15	09/05/16	09/05/17	
Number of RSUs convertible into shares		392,989	392,989	392,990	1,178,968
RSUs delivered (net of withholding tax)		209,817	218,030		427,847

Impact on profit or loss	2014	2015	2016	2017	Total
Vesting period (months)	8 months	12 months	12 months	4 months	
Impact on profit or loss (thousands of euros)	3,799	5,698	5,698	1,899	17,094

Pursuant to IFRS 2, the impact on the 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 IPO), i.e. EUR 14.5 per share. Therefore the annual cost in 2016 amounted to EUR 5,698 thousand. Any difference between the fair value and the purchase value of the shares is recognised in equity.

The RSUs do not grant rights of any type in the Parent (neither dividend nor voting rights) and are non-transferable. Each RSU will be freely exchangeable for an ordinary share of the Parent on the scheduled vesting date, in accordance with the terms and conditions of the Economic Incentive Plan. The value of the economic incentive will therefore be dependent on the market price of the shares on the vesting date of the RSUs and on the consequent exchange thereof for the Parent's shares.

In accordance with the vesting schedule, on 9 May 2016 the Executive Director received 218,030 shares. This amount of 218,030 shares is the result of applying the withholding tax corresponding to the gross amount agreed upon of 392,989 RSUs convertible into shares.

The beneficiary's right to exchange RSUs for shares of the Parent under the Economic Incentive Plan will remain in force for as long as the beneficiary remains in office when the RSUs vest, subject to the situations involving accelerated vesting of the RSUs (death, permanent disability, change of control) and the bad-leaver and good-leaver clauses stipulated in the agreement.

Should the delivery of shares of the Parent on the vesting date of the RSUs not be possible due to reasons attributable to the Parent, the beneficiary will be eligible for a payment in cash in lieu of delivery of shares for an amount equal to (i) the weighted average closing market price of the shares for all the trading sessions in the calendar quarter preceding the date on which the shares of the Parent should have been delivered; multiplied by (ii) the number of shares which should have been delivered in that year pursuant to the Economic Incentive Plan.

At 31 December 2016, no loans or advances had been granted to the members of the Parent's Board of Directors.

No material pension or life insurance obligations were incurred on behalf of the members of the Parent's Board of Directors.

The Parent's Board of Directors at 31 December 2016 is made up of 8 men and 1 woman (9 men at 31 December 2015).

Remuneration of and obligations to Senior Executives

Senior Executives is defined as the group of executives who were members of the Senior Executives Committee in 2016 and who, therefore, reported directly to the CEO of the Company and also includes the internal auditor, as defined in current accounting legislation and, in particular, in the Report of the Special Working Group on the Good Governance of Listed Companies published by the Spanish National Securities Market Commission (CNMV) on 16 May 2006.

The breakdown of the remuneration earned in 2016 and 2015 by the Group's Senior Executives is as follows:

a) Annual remuneration:

	Thousands of Euros	
	2016	2015
Fixed remuneration	2,220	2,051
Variable remuneration	786	690
Other items	282	307
Termination benefits	-	297
Pension plans	81	43
Total	3,369	3,388

In addition to the variable remuneration of EUR 786 thousand, Senior Executives are the beneficiary of a variable remuneration plan comprising the annual delivery of a fixed number of RSUs. The plan is approved annually by the Appointments and Compensation Committee and ratified by the Parent's Board of Directors. At 2016 year-end two plans had been approved and ratified, as follows:

On 24 February 2015, the delivery to Senior Executives of 67 thousand RSUs was approved and ratified. The related shares will be delivered in March 2016 (30%), 2017 (30%) and 2018 (40%).

On 23 February 2016, the additional delivery to Senior Executives of 107 thousand RSUs was approved and ratified. The related shares will be delivered in March 2017 (30%), 2018 (30%) and 2019 (40%).

Senior Executives	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	Total
Long-term incentive (RSUs)						
Number of RSUs delivered	67,220	106,594				173,814
RSU delivery date	March 15	March 16				
Share value at RSU delivery date	10.18	7.13				
Date of conversion into shares		March 16	March 17	March 18	March 19	
Number of PSUs convertible into shares		20,166	52,144	58,866	42,638	173,814
Number of RSUs delivered (net of withholding tax)		12,418				12,418

Impact on profit or loss	2015	2016	2017	2018	2019	Total
Vesting period (months)	10 months	12 months	12 months	12 months	2 months	
Impact on profit or loss (thousands of euros)	171	395	490	337	51	1,444

Based on the vesting schedule, Group Senior Executives received 10,886 shares in March 2016. In addition, one of the Group's executives who notified the Group of his resignation who continued to be eligible for the plan signed in 2015 received 1,532 shares. These 12,418 shares are the result of applying the withholding tax corresponding to the amount agreed with each executive.

b) Multiannual remuneration and long-term incentive:

Certain members of Group Senior Executives will receive multiannual variable remuneration if the Group achieves certain financial targets in 2014, 2015 and 2016 (Multiannual Incentive). This remuneration is payable in 2017 and the target amount is EUR 1.4 million for the three years. Since the cumulative provision for 2014 and 2015 corresponds to two-thirds of the full target achievement, amounting to EUR 2.1 million, it was not necessary to recognise an additional provision in 2016 since the cumulative provision for the preceding two years was sufficient to cover the estimated payment of EUR 1,404 thousand.

	Thousands of Euros			
	2014	2015	2016	Total
Multiannual incentive (MAI)	702	702	-	1,404

The Multiannual Incentive expires in 2016 (payable in 2017). On 21 July 2016, the Board of Directors resolved to replace the Multiannual Incentive with the Long-Term Incentive. The LTI comprises two share-based payment systems, the PSUs system and the RSUs system, both convertible into shares within a vesting period of three years from the grant date, the first conversion being scheduled for February 2019. In particular, the PSU system determines that the number of shares to ultimately be delivered to the executive will depend on the following financial parameters the Total Shareholder Return and the Adjusted Earnings per Share.

Senior Executives	31/12/16	31/12/17	31/12/18	31/12/19	Total
RSUs + PSUs-settled long-term incentive					
Number of RSUs + PSUs delivered	83,794				83,794
RSU + PSU delivery date	October 16				
Share value at RSU + PSU delivery date	8.68				
Date of conversion into shares				February 19	
Number of PSUs convertible into shares				83,794	83,794

Impact on profit or loss	2016	2017	2018	Total
Vesting period (months)	12 months	12 months	12 months	
Impact on profit or loss (thousands of euros)	242	242	242	726

c) Remuneration in relation to the Group's Initial Public Offering:

Eight members of current Group Senior Executives are beneficiaries of the Economic Incentive Plan remuneration system. This remuneration system consists of (i) the Cash-Settled Economic Incentive, paid in 2014; and (ii) the RSU-settled Economic Incentive, which consists of the delivery free of charge of a certain number of RSUs.

As regards the RSU-settled Economic Incentive, the units were delivered on the remuneration system grant date (i.e. 9 May 2014), and may be converted into shares of the Parent in accordance with the agreed vesting schedule, subject basically to the continuation of the employment relationship of the Senior Executive for three years (with good/bad leaver accelerated vesting exceptions permitted under the agreement), payable on a proportional basis in May of each of the coming three years, in accordance with the agreements entered into with the Senior Executives in May and July 2014. The plan expires with the last delivery of shares in May 2017.

Senior Executives	31/12/14	31/12/15	31/12/16	31/12/17	Total
Cash-settled Economic Incentive (thousands of euros)	8,750				8,750
RSU-settled Economic Incentive:					
Number of RSUs delivered	1,389,768				1,389,768
RSU delivery date	09/05/14				
Share value at RSU delivery date (euros)	14.50				
Date of conversion into shares		09/05/15	09/05/16	09/05/17	
Number of PSUs convertible into shares		463,256	463,256	463,256	1,389,768
Number of RSUs delivered (net of withholding tax)		272,227	258,987		531,214

Impact on profit or loss	2014	2015	2016	2017	Total
Vesting period (months)	8 months	12 months	12 months	4 months	
Impact on profit or loss (thousands of euros)	4,478	8,491	5,387	1,796	20,152

Pursuant to IFRS 2, the impact on the 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 IPO), i.e. EUR 14.5 per share.

In addition, in 2015 a provision of EUR 1,774 thousand was recognised relating to one of the Group's Senior Executive who notified the Group of his resignation on 1 January 2016 (see Note 3.n) and who continued to be eligible for the Economic Incentive Plan. The amount provisioned relates to the amounts accrued in 2016 (EUR 1,331 thousand) and 2017 (EUR 443 thousand) under the three-year Incentive Plan, and the delivery timetable originally set remains the same.

In accordance with the vesting schedule, on 9 May 2016 the Group's executives received 212,197 shares under the terms of the Incentive Plan. Similarly, the Executive who retired but for whom the delivery schedule initially established was maintained received 46,790 shares. The total of 258,987 shares is the result of applying the withholding tax corresponding to each executive to the gross amount agreed upon in the Incentive Plan of 463,256 RSUs convertible into shares on 9 May 2016.

In addition, life insurance policies have been taken out for certain Senior Executives and such costs are classified under "Other Amounts" in the preceding tables.

At 31 December 2016 the Group's Senior Executive was composed of 10 men and 1 woman (9 men and 1 woman at 31 December 2015).

Information relating to conflicts of interest on the part of the Parent's Directors

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

30. Events after the reporting period

In 2017 and until the date of authorisation for issue of these consolidated financial statements, no relevant events took place which must be included in the notes to the consolidated financial statements or that significantly change or have a material effect on these consolidated financial statements for 2016.

31. Explanation added for translation to English

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



Applus Services, S.A. and Subsidiaries

Management Report to the Consolidated Financial Statements for 2016

Overview of Performance

The financial performance of the Group is presented in an “adjusted” format alongside the statutory (“reported”) 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.

Where stated, organic revenue and profit is adjusted for acquisitions or disposals in the prior twelve month period and is stated at constant exchange rates, taking the current year average rates used for the income statements and applying them to the results in the prior period.

In the table below the adjusted results are presented alongside the statutory results.

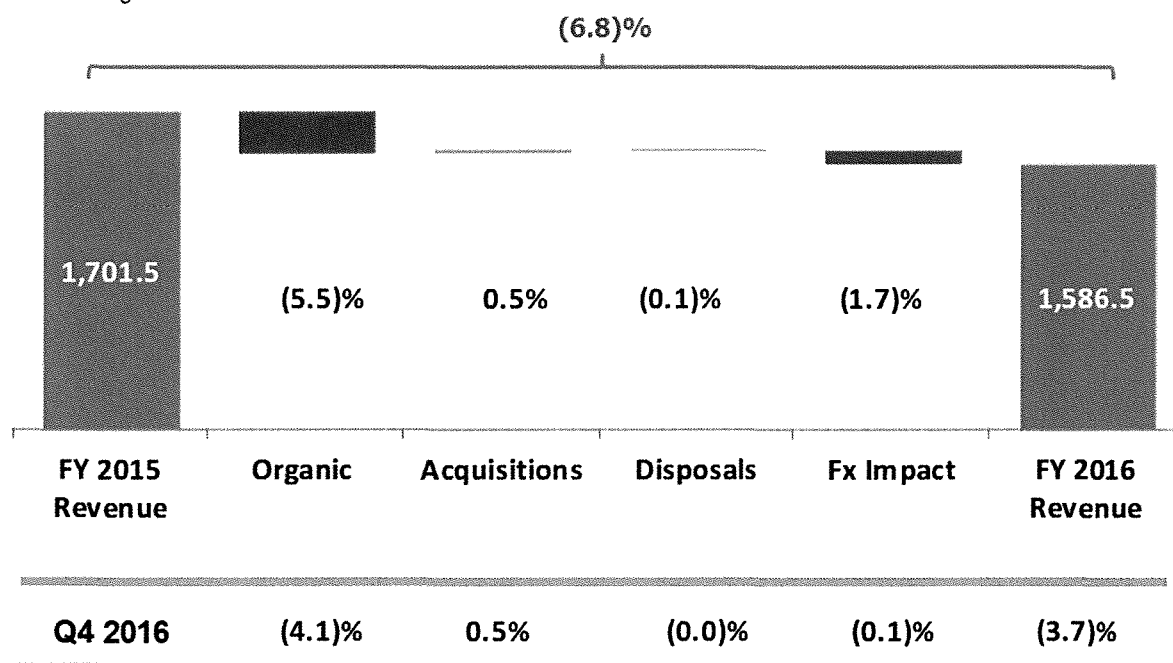
EUR Million	FY 2016			FY 2015			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,586.5		1,586.5	1,701.5	-	1,701.5	(6.8)%
Ebitda	187.9	(11.1)	176.8	211.9	(14.2)	197.7	(11.3)%
Operating Profit	141.1	(63.8)	77.3	162.2	(71.7)	90.5	(13.0)%
Net financial expenses	(18.6)		(18.6)	(24.6)	0.0	(24.6)	
Share of profit of associates	1.7		1.7	1.8	0.0	1.8	
Profit Before Taxes	124.3	(63.8)	60.5	139.4	(71.7)	67.6	(10.8)%
Income tax ⁽¹⁾	(31.6)	11.1	(20.5)	(31.8)	12.1	(19.7)	
Extraordinary Income tax	0.0	(11.4)	(11.4)	0.0	0.0	0.0	
Non controlling interests	(9.0)		(9.0)	(9.7)	0.0	(9.7)	
Net Profit	83.7	(64.1)	19.5	97.9	(59.6)	38.2	(14.5)%
Number of Shares	130,016,755		130,016,755	130,016,755		130,016,755	
EPS, in Euros	0.64		0.15	0.75		0.29	(14.5)%
Income Tax ⁽¹⁾ /PBT	(25.4)%		(34.0)%	(22.8)%		(29.1)%	

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

Other results of €63.8 million (2015: €71.7m) in the operating profit represent €11.1 million (2015: €14.2m) charge of the historical management incentive plan as disclosed at the IPO affecting EBITDA, amortisation of acquisition intangibles of €47.6 million (2015: €47.5m), restructuring costs of €5.3 million (2015: €10.9m) and other items that net to a gain of €0.2 million (2015: €0.8m gain). Tax of €11.1 million (2015: €12.1m) relates to the positive tax impact on Other results. There was a further Extraordinary tax charge of €11.4 million in 2016 due to tax legislation changes in Spain.

Revenue for the year of €1,586.5 million was lower by 6.8% compared to the previous year.

Revenue bridge in € million:



At constant exchange rates, revenue was down by 5.1% made up of organic revenue decrease of 5.5% and a positive net contribution from acquisitions and disposals of 0.4%. The negative impact of currency translation reduced reported revenue by a further 1.7% mainly as a result of the weak Latin American currencies as well as the Canadian dollar and British pound against the Euro.

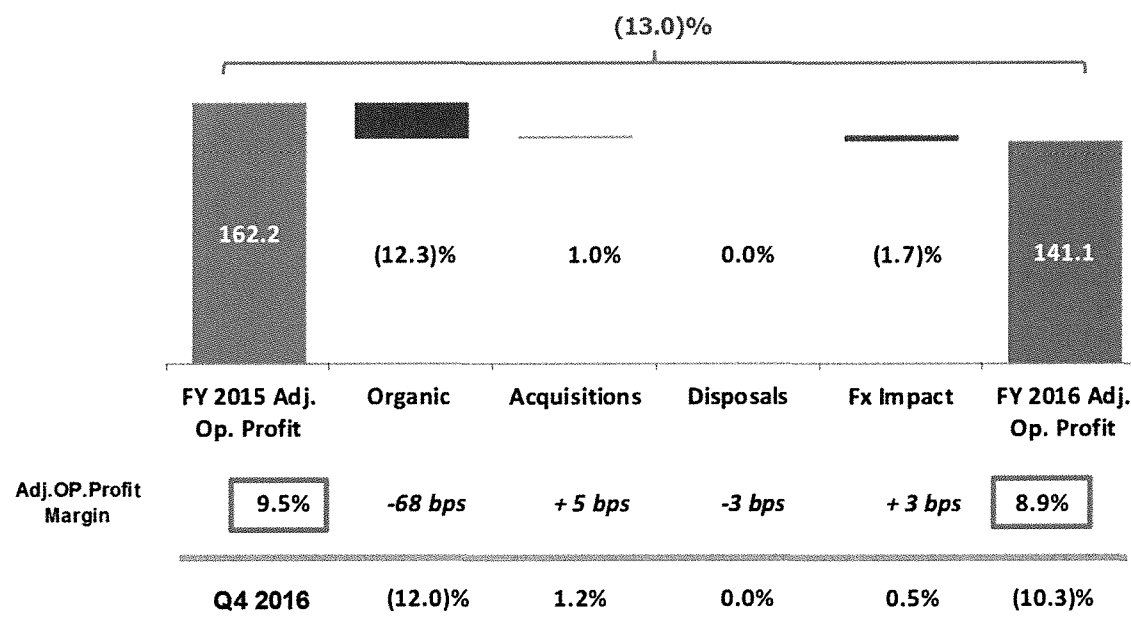
In the final quarter of the year, revenue was down 3.7% mainly as a result of a decline in organic revenue of 4.1%. The revenue decline in the final quarter was the lowest quarterly decline in the year and follows a trend of gradually reducing decline throughout the year.

The organic revenue decline during the year was a result of a decline in the largest division of Energy & Industry that is highly exposed to the oil and gas industry where conditions have been extremely challenging. The other divisions of the Group grew well.

Additional revenue of 0.5% in the year came from the last three acquisitions made within the Energy & Industry division. Caparo Testing Technologies in the UK and SKC Engineering in Canada were acquired in the final quarter of 2015 and Aerial Photography Specialist in Australia was acquired in the first quarter of 2016. The revenue reduction of 0.1% relates to a disposal made in 2015 of the non-core Oil & Gas business in Denmark.

Adjusted operating profit for the year was €141.1 million, a decrease of 13.0% on the prior year.

Adjusted Operating Profit bridge in € million:



At constant exchange rates, adjusted operating profit decreased by 11.3% made up of an organic decline of 12.3% plus a contribution from acquisitions of 1.0%. Operating profit was negatively impacted in the year to the same degree as revenue at 1.7% as a result of the weaker foreign currencies against the Euro.

The resulting adjusted operating profit margin was 8.9%, which was down by 64 bps from 9.5% in the prior year. The margin decrease was mainly as a result of the very challenging conditions faced by the Energy & Industry division in its oil and gas exposed business.

The net financial expense in the profit and loss fell from €24.6 million in 2015 to €18.6 million in 2016 due to a full year benefit of the reduced interest rate margin from the amendment negotiated in 2015 and due to a foreign exchange benefit of €1.0 million in 2016 compared to a foreign exchange charge of €2.8 million in 2015.

Profit before tax on an adjusted and reported basis were both lower than for the previous year due to the lower adjusted and reported operating profit. Adjusted profit before tax for the year was €124.3 million (2015: €139.4m) or 10.8% lower. Reported profit before tax was €60.5 million (2015: €67.6m) or 10.5% lower.

In December 2016, the Spanish Government introduced new tax legislation accelerating the reversal of impairment losses on subsidiaries that were deductible before 2013. According to the new legislation, the Group must return these deductions to the tax authority in the next five years in equal proportions, commencing in 2016. The Group has recognised in 2016 the total amount to return resulting in an €11.4 million charge in 2016 as a one-off exceptional tax expense to cancel the benefits received in previous years. No further expense is expected under this legislation. Excluding this impact and the tax related to Other results, the effective tax charge on the adjusted profit before tax was €31.6 million (2015: €31.8m) giving a rate of 25.4% (2015: 22.8%). The rate on the adjusted operating profit was 22.4% (2015: 19.6%).

The adjusted earnings per share was €0.64 which was 14.5% lower than the prior year. This was mainly due to the decrease in the adjusted operating profit.

The net profit of €19.5 million and reported earnings per share of €0.15 were both down by 49.0% from 2015. Without the €11.4 million extraordinary charge from the change in tax legislation, the net profit would have been €30.9 million and reported earnings per share would have been €0.24, both down by 19.1%.

Capital expenditure on expansion of existing and into new facilities was €53.7 million (2015: €50.7m) which represented 3.4% (2015: 3.0%) of Group revenue. This was slightly higher than the previous year due to additional long term investment opportunities the Group has secured mainly in Auto and IDIADA divisions.

2016 was another year of strong working capital performance, following equally strong performances in both 2014 and 2015 and this supported good cash flow generation despite the reduction in profit. The adjusted operating cash flow (after capital expenditure) was €178.7 million, up 9.5% on last year and equivalent to 95% of adjusted EBITDA (earnings before interest, tax, depreciation and amortisation), an improvement on the rate of 77% last year. The adjusted free cash flow was €129.1 million up 9.6% from last year.

The strong cash flow enabled the Group to substantially reduce the bank borrowings in the year. The Net Debt, as defined by the Group's financial leverage covenant, reduced by €63.1 million to €602.2 million at the end of 2016. The resulting financial leverage ratio calculated by Net Debt divided by EBITDA was 3.2x (2015: 3.1x), using the definitions in the bank leverage covenant. The covenant is tested every six months at the end of June and December and has an agreed limit of 4.5x for this ratio and this falls to 4.0x for the test in December 2017 and every six months thereafter until the maturity of the debt in June 2020. The financial leverage ratio was approximately stable throughout 2016 and is at a comfortable level both in absolute terms and with respect to the bank covenant.

In recognition of the strong cash flow, comfortable financial leverage and future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, a dividend of 13 cents per share in line with the amount declared in the previous two financial years. This is equivalent to €16.9 million (2015: €16.9m) and is 20.2% of the adjusted net income of €83.7 million (2015: €97.9m) as shown in the summary financial results table above. The Board will aim to continue to propose and pay an annual dividend distribution of approximately 20% of the annual adjusted net income.

Outlook

In light of the continued challenging Oil & Gas market as well as continued good growth in the other businesses it is expected the Group organic revenue at constant exchange rates and adjusted operating profit margin will be approximately flat in 2017.

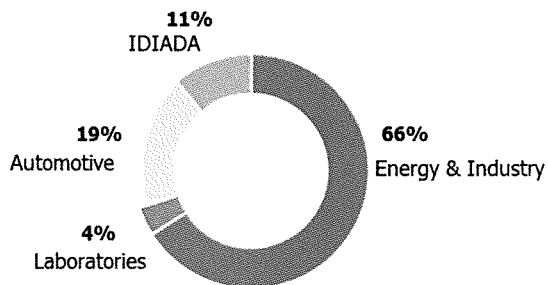
As the global Oil & Gas industry emerges from this downturn and spending increases again, the drivers supporting testing, inspection and certification in this and all of the Group's industry lines will result in good revenue, profit and cash flow growth which will ultimately produce long term growth in shareholder value.



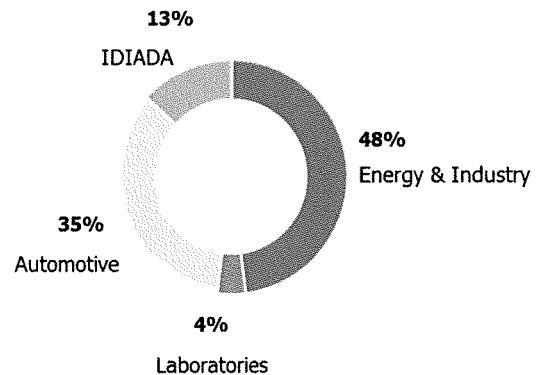
Operating review by division

The Group is operated through four global business divisions: Energy & Industry division, Automotive division, IDIADA division and Laboratories division, and the respective shares of 2016 revenue and adjusted operating profit are shown below.

2016 revenue split



2016 adjusted operating profit split



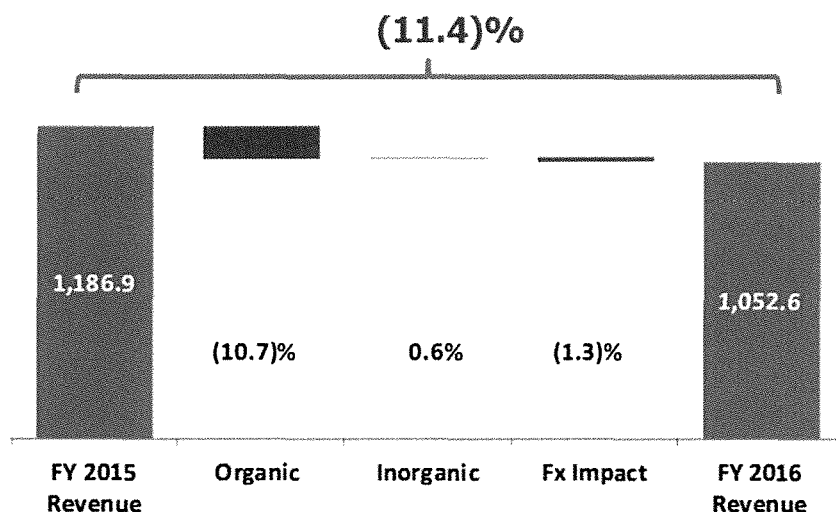
Energy & Industry

The Energy & Industry division 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 RTD and Velosi-Norcontrol divisions. 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 can maximise the growth opportunities through aligned marketing, business line and key account managers. The division is organised into geographic regions that report to one divisional leader who was appointed at the end of 2016.

Revenue for Energy & Industry division for the year of €1,052.6 million was lower by 11.4% compared to the previous year.

Revenue bridge in € million:



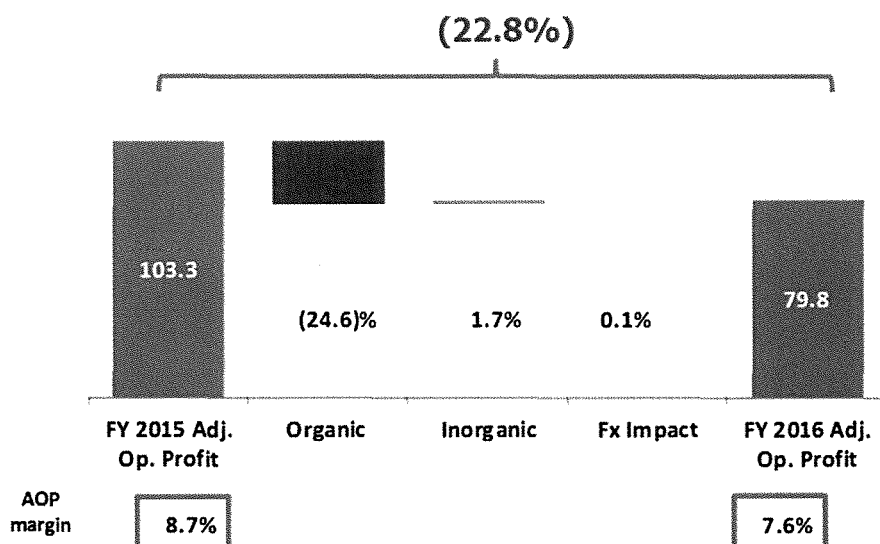
At constant exchange rates, revenue was down by 10.1% made up of organic revenue decrease of 10.7% and a positive net contribution from acquisitions less disposals of 0.6%. The negative impact of currency translation reduced reported revenue by a further 1.3% mainly as a result of the weak British pound, Canadian dollar and some Latin American currencies against the Euro.

In the final quarter of the year, reported revenue was down 6.7% mainly due to the decline in organic revenue of 8.4%. The reported and organic revenue decline in the final quarter was the lowest quarterly decline in the year and follows a trend of gradually reducing decline throughout the year. This trend is expected to continue in 2017.

The inorganic revenue of 0.6% in the year relates to the previous three acquisitions made in 2015 and 2016 less a disposal made in 2015. Caparo Testing Technologies in the UK and SKC Engineering (SKC) located in Vancouver, Canada were acquired at the end of 2015 and Aerial Photography Services (APS) located in Australia was acquired at the start of 2016. The disposal was of a non-strategic oil and gas business in Denmark.

Adjusted operating profit for the year was €79.8 million, a decrease of 22.8% on the prior year.

Adjusted Operating Profit bridge in € million:



At constant exchange rates, adjusted operating profit decreased by 22.9% made up of an organic decline of 24.6% plus a net inorganic contribution of 1.7%.

The margin decrease in the year was 110bps from 8.7% to 7.6% as a result of lower revenue leading to even lower profit from the negative operating leverage as well as a number of customer initiatives to reduce prices for new and renewed contracts in the oil and gas market. The margin fall was contained as a result of the significant actions taken to reduce cost and improve efficiency with the fall in the second half being less than in the first as the full effect of the actions took hold.

The part of the division that provides services to oil and gas infrastructure has faced extremely challenging conditions since the end of 2014 when the oil and gas industry commenced a severe multi-year downturn. This part fell at a double digit rate, reducing its share of the division by revenue from 68% at the end of 2015 to 63% at the end of 2016.

The other part of this division that provides services to infrastructure in the power generation and distribution industry, utilities, telecom, mining and civil as well as non-destructive testing services to the aerospace industry each performed very well at an average growth rate for the year in the mid-single digits and at a similar rate to the prior year. Growth opportunities for these business lines have increased following the integration of the three former divisions that make up the Energy & Industry division.

North America accounting for one quarter of the division by revenue in the year and mainly exposed to the upstream and pipeline oil and gas market was the toughest market environment with a considerable reduction in new capital projects, reduced volumes and scope for in-service projects and severe pricing pressure. The revenue declined less in the second half of the year than the first and there are signs of improving market conditions.

In Latin America accounting for 10% of the division by revenue and where there is a good mix of services to different end markets, there was growth of mid-single digits for the year, although with a slower pace of growth in the second half due to some large oil and gas projects ending. Other end markets in the region continue to perform well.

In Northern Europe accounting for 16% of the division by revenue where there is a higher level of recurrent operational expenditure exposed business to the oil and gas industry, the revenue nevertheless fell in the year due to fewer and smaller refinery shut-down projects, reduced upstream work in the North Sea and severe pricing pressure on the renewal of service contracts. There was a good performance from the aerospace, power and infrastructure business in the region.

In Southern Europe, Africa, Middle East, Asia & Pacific accounting for almost half of the division by revenue in the period there was a mixed performance. In Africa and in Asia & Pacific, revenue decreased. The largest single impact came from the reduction in scope on a major African "opex" oil services contract. This contract is currently in a tender process as it is up for renewal in the middle of 2017. In Asia & Pacific, revenue was down due to the ending of some very large offshore capex contracts. Good growth opportunities now exist following the agreement to operate an inspection programme on behalf of a major energy company in Australia. In the Middle East revenue was stable, although following the extension to the end of the year of two material contracts, one has been renewed and one has been lost. In Southern Europe growth was very good at high single digits in the year with Power and Construction services in Spain and vendor surveillance from Italy leading the growth in this region.



Laboratories

The Laboratories division 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.

Revenue for Laboratories division for the year of €60.7 million was 11.1% higher than the previous year of which organic revenue at constant exchange rates was 12.0% reduced by an impact of 0.9% from currency movements. The adjusted operating profit grew at 34.0% to €6.1 million resulting in a margin improvement of 170bps to 10.0%.

Eur Million	FY 2016	FY 2015 Proforma (*)	FY 2015
Revenue	60.7	54.2	54.7
% Change		12.0%	11.1%
Adj. Op. Profit	6.1	4.4	4.5
% Change		38.0%	34.0%
Margin	10.0%	8.1%	8.3%

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

** FY 2015 Proforma is restated at constant exchange rates*

Applus+ Laboratories had another strong performance with good delivery of projects in healthy market conditions.

The Industrial Labs segment, accounting for half of the division revenue, grew very well. It was supported by several very large aerospace projects, especially at the end of the year driving the final quarter divisional revenue growth to 19.4%. Electro-magnetic compatibility and electrical testing for new car models also generated good revenue growth for the segment.

Other parts of the division also performed well, especially fire testing of residential and commercial building products for the UK and Middle East construction industry and testing and certification of electronic payment systems.

The significant increase in the adjusted operating profit margin was due to good operational gearing benefiting from the strong revenue growth as well as higher margin from the several large aerospace projects.

Automotive

The Automotive division is a leading provider of statutory vehicle inspection services globally. The division 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 11 million vehicle inspections in 2016 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra and programme managed a further 5 million inspections carried out by third parties.

Revenue of €293.3 million was 1.4% lower than the previous year.

Eur Million	FY 2016	FY 2015 Proforma (*)	FY 2015
Revenue	293.3	286.4	297.5
% Change		2.4%	(1.4)%
Adj. Op. Profit	57.4	57.5	60.8
% Change		(0.2)%	(5.7)%
Margin	19.6%	20.1%	20.4%

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

** FY 2015 Proforma is restated at constant exchange rates*

Organic revenue at constant exchange rates grew well and in line with its historical performance, at 2.4%. Due to a full year impact of the devaluation of the Argentinian peso at the end of 2015 this revenue was reduced by 3.8%. The adjusted operating profit of €57.4 million was lower than the previous year by 5.7% most of which was due to same adverse currency movement, resulting in a margin decline of 80bps to 19.6%. At constant exchange rates, the adjusted operating profit was flat and had a 50bps lower margin impacted by a weaker country mix.

The exclusive concession in Ireland, which is the largest one in the division by revenue, had very good growth in the period due to a higher volume of cars to inspect under the core periodic inspection programme and as a result of an unusually high volume of imported cars from the UK to inspect since the weakening of the British pound in the second half of the year.

In Spain, revenue was flat overall with the lower revenue in the Canary Islands as a result of new competition entering the recently liberalised market, offset by growth elsewhere. Finland also continues to suffer an increasing number of competitors entering the market, but this has now stabilised. Revenue from the liberalised programme in Denmark grew after years of flat or declining revenue as a result of successful marketing initiatives and absorption of smaller players.

The revenue from the various contracts in the US was approximately flat overall. The new eight year contract in Illinois has started well.

In Latin America, the revenue from the old contract in Argentina continued to grow very well with good growth in inspection volume. The new ten year contract in Buenos Aires city started several months late in 2016 where the costs for maintaining the stations were incurred without corresponding revenue. This is expected to generate around €8 million per annum and is now almost fully ramped up. In Chile, the contracts have performed well in the year with the renewal of existing concessions now almost complete. The new eight year concession won last year in Chile for around €2 million revenue per year will start during 2018.

There were two other contract awards made in 2016. A six year contract in Massachusetts, with a potential to extend to fifteen years, with revenue of around €6 million per annum is expected to start operations at the end of 2017. A five year concession in Uruguay for approximately €5 million revenue per year is expected to start operations in the first half of 2018.

There is a pipeline of further opportunities that are being pursued.

IDIADA

The IDIADA division 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.

Revenue of €179.6 million for the year was 10.7% higher than the previous year and adjusted operating profit of €22.2 million was 6.3% higher, resulting in a margin of 12.4%, 50bps lower. At constant exchange rates, the organic revenue grew by 11.4%.

Eur Million	FY 2016	FY 2015 Proforma (*)	FY 2015
Revenue	179.6	161.3	162.2
% Change		11.4%	10.7%
Adj. Op. Profit	22.2	21.1	20.9
% Change		5.5%	6.3%
Margin	12.4%	13.1%	12.9%

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

** FY 2015 Proforma is restated at constant exchange rates*

The division continued its strong growth record with another year of double digit organic revenue growth. All business lines grew very well although growth of use of the Proving Ground is at a lower rate than the rest of the division due to capacity constraints. This has had the effect of reducing the margin for the division as it operates at a much higher margin.

IDIADA has been able to capture the favourable market conditions in the global Automotive engineering and research & development industry and through investment in the current and previous years ensured revenue growth has continued to be strong. Within the segment of Chassis & Powertrain, there has been considerable interest, leading to projects on electric vehicles, and electronic and advance driver assistance systems. The increased technological content of cars and the investment into self-driving and co-operative driving has led IDIADA to form partnerships with specialised companies and invest in this high growth area.

The Government of Catalonia has recently agreed the extension of the contract to operate the IDIADA business until 2024.



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 carries out its activities centred on continuous improvement to meet the requirements of its clients and other interested parties, and with the commitment to responsibility and sustainability through its policies. In that context, that commitment focuses on ensuring safety, quality and the respect for and protection of the environment when managing its business, projects, products and services.

Our operations are certified with quality, environmental and safety management systems in accordance with the international standards and we have established guidelines for good environmental practices to reduce the environmental impact of our activity, which is not significant as a result of the type of services we provide.

In 2016, we continued working on a reporting system that will enable us to have information about the emissions of our activities, which are fundamentally centred on energy use at our offices and our professionals' trips. In that line, we extended the scope of that process in terms of the number of offices and facilities included in the report and introduced a new indicator, i.e. water use, with the aim of aligning us with some of the United Nation's sustainable development targets. We also implemented initiatives to reduce waste and improve its management.

In safety, we improved the internal reporting system after reorganising the Energy & Industry division with the aim of assessing the trends that will enable us to work safer. We want to know about our accident rate but we are more interested in reducing the number of accidents and that, the reason why we are working with indicators such as the number of field inspections, observations and incidents, as well as the conventional ones associated with the group's accident rate. Such data will enable us to act before accidents occur and help to build a safety culture and behaviour at the organisation. This information is reported every month to the Executive Committee and every four months to the Corporate Social Responsibility Committee because of the importance of safety for the organisation. We are satisfied that in 2016 our accident rate fell by slightly over 10%.

At Applus, we believe that developing a safety culture that is shared throughout the Group is key to meet our targets. To do this, we work on projects to raise awareness among all our employees and collaborators. This year we celebrated our third Safety Day. All the divisions participated in that event where the main objective is to increase safety awareness and develop safety behaviour among our professionals. Together with that event, the company also launched a communication campaign to disseminate the Golden Safety Rules drafted in 2015. The company also maintained the initiatives such as "We value your +" and the Safety ACE Award. In 2016, we extended the communication channels, including a specific channel for communicating doubts, queries and incidents about safety. All those efforts were rewarded with numerous recognitions by our clients and other organisations; we received awards as a result of our activity in this area.

Innovation is one of the cornerstones of Applus' CSR policy. Through innovation, we have become a strategic partner for our clients which, apart from providing technology and knowledge, includes the concept of sustainability as the focus of that development. Applus+ maintained the lines of development established in previous years which focus on infrastructure safety, the use of efficient and clean energy, a reduction in CO2 emissions, and safe and sustainable mobility.

In 2016, 175 innovation projects were carried out and over 700 of our experts took part in them. In that sense, through its divisions Applus is participating in 17 European projects and in 8 Spanish projects.



In infrastructure, we have considerable knowledge in non-destructive testing, where we develop our own technology and equipment to ensure the safety of the infrastructure that we inspect while reducing the risks associated with both the inspection process and the detection of potential faults in that infrastructure's integrity.

In the safe and sustainable mobility area, we carry out projects in the aeronautical and automotive industries. Such projects include comprehensive safety which includes a vehicle's active and passive safety and interaction with road infrastructure and with vulnerable users. We also participate in projects whose objective is to use clean energy sources for the automotive industry; in the aeronautical industry, we seek to use lighter materials that reduces the energy use at the current premises.

In information technology, we carry out hardware and software security projects, i.e. payment systems with mobiles and smartcards (from the functional and interoperability standpoints and carrying out security trials), and cyber security projects in connected vehicles.

The new products have been accepted by the market through accreditations, recognitions, new contracts and participation in technical forums and other events, evidencing an improvement in our reputation as the technological benchmark for the main industries with which we operate.

Treasury share transactions

At 31 December 2016, the Group owns 290.450 treasury shares at an average cost of 9,77euros per share. The total value of the treasury shares amounts to 2,837 thousand euros.

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.

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 2016 the Group has not acquired any financial derivative instruments, except for the equity swap agreement explained in the "Treasury share transactions" of this report.

Events after the reporting period

No events have occurred since 31 December 2016 other than those described in the notes to the accompanying consolidated financial statements.

Disclosures on the payment periods to suppliers

The Group companies with tax residence in Spain adapted their payment periods in line with Additional Provision Three "Disclosure Obligation" of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), which was prepared in accordance to the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on information to be incorporated in notes to the financial statements in relation to average payment periods to suppliers in commercial transactions.

	2016	2015
	Days	
Average payment period to suppliers	49	44
Ratio of transactions settled	53	46
Ratio of transactions not yet settled	4	7
	thousands of Euros	
Total payments made	2.258	3.333
Total payments outstanding	199	110

The data shown in the table in relation to payments to suppliers relates exclusively to the Spanish companies, which are those with a payment period that is greater than the Group average of 51 days. The data shown in the table in relation to payments to suppliers relate, pursuant to the ICAC Resolution, to commercial transactions relating to goods supplied and services provided since the entry into force of Law 31/2014, of 3 December.

Suppliers, solely for the purpose of disclosing the information provided for in this resolution, are considered to be trade creditors for the supply of goods and services and are included under "Current Liabilities - Trade and Other Payables" in the accompanying statement of financial position.

"Average Payment Period to Suppliers" is understood to be the period between the supply of the goods or the provision of the services on the supplier's account and the effective payment of the transaction.

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 30 days. This period may be extended by agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2015).

Annual Corporate Governance Report

The Annual Corporate Governance report that is part of the Consolidated Management Report can be consulted in the "Comisión Nacional de Mercado de Valores (CNMV)" and in the Applus Group web page.

www.cnmv.es

www.applus.com



**Applus Services, S.A.
and Subsidiaries**

**Preparation of the Consolidated Financial Statements and
management report for the year ended 2016**

In accordance with the provisions of article 253 of the Spanish Companies Act and article 42 of the Spanish Code of Commerce, the Board of Directors of Applus Services, S.A., in its meeting of 22 February 2017, has drawn up the consolidated financial statements (comprising the consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes) and the management report for year 2016, which are included in the documents preceding this signature page and their annexes, all of them correlatively ordered. All the Directors sign the above-mentioned documents by signing this sheet.

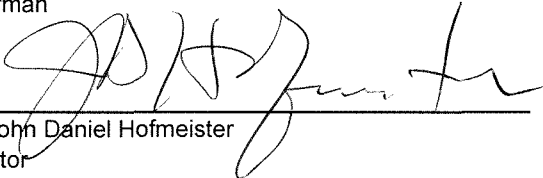
Barcelona, 22 February 2017



Mr. Christopher Cole
Chairman



Mr. Ernesto Gerardo Mata López
Director



Mr. John Daniel Hofmeister
Director



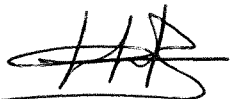
Mr. Fernando Basabe Armijo
Director



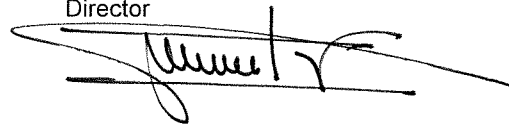
Mr. Richard Campbell Nelson
Director



Mr. Nicolás Villén Jiménez
Director



Ms. Maria Cristina Henríquez de Luna Basagoiti
Director



Mr. Claudi Santiago Ponsa
Director



Mr. Scott Cobb
Director

For identification purposes, all the pages of the consolidated financial statements and the consolidated management report for the year ended on 31 December 2016, as approved by the Board of Directors, are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.



Name	Applus Servicios Tecnológicos, S.L.U	Azul Holding 2, S.à.r.l.	Applus Iteuve Argentina, S.A.	Applus Santa Maria del Buen Ayre, S.A.	Applus Technologies, Inc.	Janx Holding, Inc	Libertytown USA 1, Inc.	Libertytown USA Finco, Inc.
Registered office	Campus de la UAB, Ronda de la Font del Carme s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (España)	7, rue Robert Stümper L-2557-Luxembourg (Grand Duchy of Luxembourg)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Jurisdicción de la Ciudad autónoma de Buenos Aires	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	1209 Orange Street, New Castle County, Wilmington, Delaware 19801 (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Right and compliance of the obligations corresponding to public services concessions relating to the obligatory Technical Verification of Vehicles	Vehicle roadworthiness testing	Certification services through non-destructive testing	Holding company	Holding company
Ownership interest held by Group Companies								
Direct	100%	100%	-	-	-	-	-	-
Indirect	-	-	100%	100%	100%	100%	100%	100%
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Iteuve Technology, S.L.U	IDIADA Automotive Technology, S.A	Applus Argentina, S.A.	IDIADA Fahrzeugtechnik, GmbH.	CTAG-Idiada Safety Technology, S.L.	Applus Chile, S.A.	Applus Iteuve Euskadi, S.A., Sociedad Unipersonal	Applus Revisiones Técnicas de Chile, S.A.
Registered office	Campus de la UAB, Ronda de la Font del Carme s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (España)	L'Albomar, s/n PO BOX 20,43710 Sta Oliva. Tarragona (España)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Manfred Hochstatter Strasse 2, 85055 Ingolstadt (Alemania)	Poligono A Granxa, Parcelas 249-250. 36410 Porriño, Pontevedra (España)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Poligono Ugaldeguren I Parcela 8, 48710 Zamudio, Vizcaya (España)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)
Line of business	Vehicle roadworthiness testing	Engineering, testing and certification	Holding company	Engineering, testing and certification	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	100%	80%	100%	80%	40%	100%	100%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Danmark, A/S	IDIADA CZ, A.S.	K1 Kasastajat, OY	Inspecció Tècnica de vehicles i serveis, S.A.	K1 Total, Oy	Idiada Automotive Technology India PVT, Ltd	Shanghai IDIADA Automotive Technology Services Co. Ltd	Applus Euskadi Holding, S.L.U.
Registered office	Korsolalsvej, 111 2610 Rodoure (Dinamarca)	Prazska 320/8,500 04, Hradec Králové (Czech Republic)	Tuotekat 8B, 21200 Raisio (Finlandia)	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Tuotekatu 8B, 21200 Raisio, Finland	Unit no. 206, 2nd Floor, Sai Radhe Building Raja Bahadur Mill Road, off Kennedy Road, Pune 411 001 - India	Jucheng Pioneer Park, Building 23, 3999 Xiu Pu Road, Nan Hui 201315 Shanghai (Pudong District) - China	Polígono Ugaldeguren, 1 parcela 8, Zamudio, Vizcaya (España)
Line of business	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Holding company
Ownership interest held by Group Companies								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	80%	100%	50%	100%	61%	80%	100%
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	Applus Car Testing Service, Ltd.	Idiada Tecnologia Automotiva, Ltda.	Idiada Automotive Technology UK, Ltd.	Shangdong Idiada Automotive and tire proving ground Co, Ltd	LGAI Technological Center, S.A.	Applus México, S.A. de C.V.	LGAI Chile, S.A.	Applus Costa Rica, S.A
Registered office	Arthur Cox Building, Earlsfort Terrace, Dublin (Ireland)	Cidade de São Bernardo do Campo, Estado de São Paulo, na Rua Continental, nº 342, Vila Margarida, CEP 09750-060 (Brasil)	St Georges Way Bermuda Industrial Estate, Nuneaton, Warwickshire CV10 7JS (UK)	Room 302, No.1 industrial building of West Jin Hui Road, South Qi Xiao (China)	Campus de la UAB, Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (Espanña)	Blvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Monseñor Sotero Sanz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	Oficentro Holland House, Oficina 47 y 48 300 mts Sur de Rotonda de la Bandera Barrio Escalante, San Pedro San José (Costa Rica)
Line of business	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Certification	Quality system audit and certification	Quality system audit and certification	Quality system audit and certification
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	100%	80%	80%	80%	95%	95%	95%	95%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	Applus Norcontrol, S.L., Sociedad Unipersonal	Novotec Consultores, S.A., Sociedad Unipersonal	Applus Panamá, S.A	Applus Norcontrol Panamá, S.A.	Norcontrol Chile, S.A.	Norcontrol Inspección, S.A. de C.V. – México	Applus Norcontrol Guatemala, S.A.	Applus Norcontrol Colombia, Ltda
Registered office	Ctra. Nacional VI-Km 582, 15168, Sada, A Coruña (España)	Parque Empresarial Las Mercedes, C/Campezo, 1, Ed.3, 28022, Madrid (España)	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (República de Panamá)	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (República de Panamá)	Monseñor Sotero Sanz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	Blvd. Manuel Avila Camacho 184, Piso 4- B, Col. Reforma Social, C.P. 11650 México, D.F (México)	Km 14,5 Carretera a El Salvador, Santa Catarina Pinula (Guatemala)	Calle 17, núm. 69-46 Bogotá (Colombia)
Line of business	Inspection, quality control and consultancy services	Services related to quality and safety in industrial plants, buildings, etc.	Certification	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	95%	100%	95%	95%	95%	95%	95%	96%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Norcontrol Nicaragua, S.A.	Röntgen Technische Dienst Holding BV	Applus Centro de Capacitación, S.A.	RTD Quality Services, SRO	Applus RTD France Holding, S.A.S	Applus RTD Deutschland inspektions-Gesellschaft, GmbH	Röntgen Technische Dienst B.V.	RTD Quality Services, Inc (Canada)
Registered office	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Delftweg 144, 3046 NC Rotterdam (Holanda)	Monseñor Sotero Sanz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	U Stadionu 89, 530 02 Pardubice (Republika Checa)	129 Rue Servient 69326 Lyon Cedex 03 (Francia)	Industriestraße 34 b, 44894 Bochum (Germany)	Delftweg 144, 3046 NC Rotterdam (Holanda)	10035, 105 Street Suite, 1000, Edmonton (Alberta), T5J3T2 (Canada)
Line of business	Inspection, quality control and consultancy services in the industry and services sector	Holding company	Provision of training services	Certification services through non-destructive testing	Holding company	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	95%	100%	95%	100%	100%	100%	100%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	RTD Quality Services Nigeria Ltd.	RTD Quality Services USA, Inc.	RTD Holding Deutschland, GmbH	Applus RTD UK Holding, Ltd	Applus RTD PTE, Ltd (Singapore)	Applus Colombia, Ltda.	Applus (Shanghai) Quality inspection Co, Ltd	Applus RTD Certification, B.V.
Registered office	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	13131 Dairy Ashford Road, Suite 230, Sugar Land, TX 77478, (USA)	Industriestr. 34. D-44894, Bochum (Alemania)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	70 Kian Teck Singapore 628798 (Singapore)	Calle 17, núm 69-46, Bogotá (Colombia)	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Delftweg 144, 3046 NC Rotterdam (Holanda)
Line of business	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company	Holding company	Certification services through non-destructive testing	Certification	Inspection services in quality processes, production processes, technical assistance and consultancy	Certification services through non-destructive testing
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	49%	100%	100%	100%	100%	95%	95%	100%
Indirect								
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	Applus RTD PTY, Ltd (Australia)	Applus RTD Norway, AS	Arctosa Holding, B.V.	Libertytown USA 2, Inc.	Libertytown Australia, PTY, Ltd.	Applus RTD UK, Ltd	Applus RTD SP, z.o.o.	Applus Energy, S.L.U.
Registered office	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Finnestadgeilen 38, 4029 Stavanger (Norway)	Delftweg 144, 3046 NC Rotterdam (Holanda)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	Raclawicka, 19, 41-506 Chorzów, Poland	Campus de la UAB, Ronda de Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (España)
Line of business	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company	Holding company	Holding company	Certification services through non-destructive testing	Certification services through non-destructive testing	Provision of advisory services and auditing in the energy sector
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	100%	100%	100%	100%	100%	100%	100%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	RTD Slovakia, s.r.o.	Autoservices Online, S.L.U.	APP Management, S. de R.L. de C.V.	Libertytown Applus RTD Germany GmbH	Applus Norcontrol Maroc, Sarl	Applus RTD Gulf DMCC.	Qualitec Engenharia de Qualidade, Ltda.	Applus Lgai Germany, GmbH
Registered office	Vicie Hrdlo, 824, Bratislava (Eslovaquia)	Campus de la UAB, Ronda de la Font del Carne s/n, 08193 Bellaterra-Cerdanyola del Vallès. Barcelona (Espanya)	Bld. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Industrie Strasse 34 b, 44894 Bochum, Alemania	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellii Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Marruecos)	16th Floor, Office 1601, Swiss Tower, Jumeirah Lake Towers, PO Box 337201, (Emiratos Arabes)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brasil)	Zur Aumundswiede 2, 28279 Bremen, Germany
Line of business	Certification services through non-destructive testing	Provision of services related to the automotive sector and vehicle and road safety, engineering processes, training design, testing, homologation and certification, as well as technical audits of	Provision of professional, technical, administrative and human resources services	Holding company	Inspection, quality control and consultancy services	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	100%	100%	100%	100%	95%	100%	100%	95%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	BK Werstofftechnik- Prufstelle Für Werkstoffe, GmbH	Ringal Brasil Investimentos, Ltda.	Burek und Partner, Gbr.	Assinco-Assesoria Inspeção e Controle, Ltda	Applus Norcontrol Perú, S.A.C.	Kiefner & Associates Inc.	John Davidson & Associates PTY, Ltd	JDA Wokman Limited
Registered office	Zur Aumundswiede 2, 28279 Bremen, Germany	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brasil)	Zur Aumundswiede 2, 28279 Bremen, Germany	Rua Petrovale, quadra 01, lote 10, integrante da area B, nº 450, Bloco 2 - 1º andar, Bairro Distrito Industrial Marsil, EP 32400-000 Cidade de Ibirité, Estado de Minas Gerais (Brasil)	Avenida San Borja Sur Nro. 1170, Urb. San Borja, San Borja, Lima.	585 Scherers Court, Worthington, Franklin County, Ohio 43085 (USA)	Jetstream Business Park, Unit A3, 5 Grevillea Place, Eagle Farm, QLD 4009, Brisbane, Australia	c/o HLB Niugini, Level 2 ADF Haus, Musgrave Street, Port Moresby, National Capital District (Papua Nueva Guinea)
Line of business	Certification	Holding company	Certification	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Certification services through non-destructive testing	Provision of executive recruitment services	Provision of executive recruitment services
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	95%	100%	95%	100%	96%	100%	100%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	PT JDA Indonesia	Applus Norcontrol Consultoria e Ingenieria, SAS	Applus Velosi Mongolia, LLC	Applus Laboratories, AS.	Applus Arabia L.L.C	Applus II Meio Ambiente Portugal, Lda	Ringal Invest, S.L.U	Applus Velosi DRC, Sarl.
Registered office	Plaza Aminta 9th floor, Jl. TB Simatupang Kav. 10, South Jakarta, Indonesia	Calle 17, núm. 69-46 Bogotá (Colombia)	3a planta, San Business Centre, Sukhbaatar District, 8th Khoroo, Baga toiruu, Street 29 of Prime Minister Amar, Ulaanbaatar, Mongolia	Langmyra 11, 4344 Bryne, Norway	Dammam, Kingdom of Saudi Arabia	Rua Hermano Neves n.º 18, escritório 7, freguesia do Lumiar, Concelho de Lisboa, Portugal	Campus UAB, Ronda de la Font del Carne, s/n, Bellaterra-Cerdanyola del Vallès, (Barcelona)	c/o Lambert S Djunga, Djunga & Risasi, 07 Avenue Lodja, Kinshasa/Gome, DRC
Line of business	Provision of technical engineering and planning, conservation and operational services, technical training and human resource development	Inspection, quality control and consultancy services in the industry and services sector	Provision of human resources consultancy in the area of recruitment, placement candidates and related services	Certification	Certification	Inspection, quality control and consultancy services	Holding company	Provision of permanent contract services
Ownership interest held by Group Companies								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	100%	95%	48%	95%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Ingelog Consultores de Ingeniería y Sistemas, S.A.	Ingelog Servicios Generales, Ltda (Sergen)	Ingelog Guatemala Consultores de Ingeniería y Sistemas, S.A.	Ingeandina Consultores de Ingeniería, S.A.S.	Ingelog Costa Rica S.A.	Applus RTD USA Aerospace Holding, Inc.	X-RAY Industries, Inc.	Composite Inspection Solutions, LLC.
Registered office	Santiago de Chile (Chile)	Santiago de Chile (Chile)	Guatemala	Bogotá D.C. (Colombia)	San José de Costa Rica, calle treinta y uno, avenidas nueve y once, Barrio Escalante	Address: 615 S. DuPont Highway, Kent County, Dover, Delaware 19901, USA	1961 Thunderbird, Troy Michigan USA 48084	1961 Thunderbird, Troy Michigan USA 48084
Line of business	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Provision of transport and rental of vehicles	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Holding company	X-ray metallurgical, management, retail equipment, equipment manufacturing, non-destructive; testing services	Certification
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	100%	100%	100%	100%	100%	100%	100%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Laboratories USA, Inc.	Arcadia Aerospace Industries, Lic.	Applus RTD Lic.	NRAY Services, Inc.	Applus RTD USA Services, Inc.	Libertytown USA 3, Inc.	Applus Aerospace UK, Limited	Aerial Photography Specialist PTY, LTD
Registered office	615 S. DuPont Highway, Kent County, Dover, Delaware 19901, USA	28000 Mooney Avenue, Building #110, Punta Gorda Florida 33982 USA	Khokhlovskiy side-street 13, building 1, 109028 Moscow, Russian Federation	56A Head Street, Dundas, ON L9H 3H7 Canada	1999 Bryan St., Ste. 900, Dallas, TX 75201.	13131 Dairy Ashford Road Suite 230 Sugar Land, TX 77478, USA.	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	94 Discovery Drive, Bibra Lake WA 6163 Australia
Line of business	Holding company	Industrial contract and inspection services	Purchase of equipment and refills, installation, reparation and maintenance of the equipment, engineering services and devolment of scientific investigation	Inspection of the based neutron radiation services	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Non-destructive services frim the aerospace business.	Manufacture, repair, sale and services related to drones
Ownership interest hekd by Group Companies	-	-	-	-	-	-	-	-
Direct	100%	70%	100%	100%	100%	100%	100%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus RVI BV	Applus RTD Canada Holding (2016), Inc.	SKC Inspection and Non Destructive Testing, Inc	SKC Engineering Ltd	MxV Engineering, Ltd	Applus Norcontrol Asistencia Técnica, SAS	Applus Norcontrol República Dominicana, S.R.L	Applus Brasil Investimentos, Ltda
Registered office	Delftweg 144, 3046 NC Rotterdam (Holanda)	19165 94th Avenue, City of Surrey British Columbia V4N 3S4	19165 94th Avenue, City of Surrey British Columbia V4N 3S4	19165 94th Avenue, City of Surrey British Columbia V4N 3S4	19165 94th Avenue, City of Surrey British Columbia V4N 3S4	Calle 17, núm. 69-46 Bogotá (Colombia)	Santo Domingo (República Dominicana)	Rua Dom José de Barros, nº 177, 6ª andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brasil)
Line of business	Remote Non-destructive Inspection and Testing	Holding Company	Inspection and non-destructive trials	Ensure quality, training, inspection, proof and design and welding engineering services.	Dielectric tests, inspections of cranes, stability tests and preventive maintenance	Inspection and technical assistance services	Inspection and technical assistance services	Holding company
Ownership interest held by Group Companies	-	-	-	-	-	-	-	-
Direct	51%	100%	100%	100%	50%	95%	95%	100%
Indirect								
Method used to account for the Investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi S.à r.l.	SAST international Ltd	Velosi Asset Integrity Ltd	Velosi Asia (Luxembourg) S.à r.l.	Velosi Africa (Luxembourg) S.à r.l.	Velosi Europe (Luxembourg) S.à r.l.	Velosi Poland Sp z o o.	Velosi Europe Ltd
Registered office	7, rue Robert Stümper L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	7, rue Robert Stümper L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	7, rue Robert Stümper L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	7, rue Robert Stümper L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	00-203 Warszawa, ul. Bonifraterska 17, VI p, Polska, 00-201 Warszawa, Poland.	Unit 4 Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QX Berkshire, United Kingdom.
Line of business	Holding company	Provision of consultancy and engineering services	Provision of specialised asset integrity management services for the oil, gas and petrochemical industries at worldwide level	Holding company	Holding company	Holding company	Publishing of other programmes	Provision of technical, engineering and industrial services
Ownership interest held by Group companies: Direct Indirect	100%	100%	80%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	Velosi Certification Bureau LTD	Intec (UK) Ltd	Velosi International Italy Srl	Velosi-PSC Srl	IES - Velosi Norge AS	Velosi TK Gozetim Hizmetleri Limited Sirketi	Velosi LLC	Velosi Malta I Ltd
Registered office	Unit 4 Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QX Bershire, United Kingdom.	Brunel House, 9 Penrod Way, Heysham, Lancashire, LA3 2UZ, United Kingdom.	23807 Merate (LC), via De Gasperi, 113, Merate, Italy.	Via Cinquantenario, 8 - 24044 Dalmjine, Bergamo (BG), Italy.	Delevegen, 86, Post Box 2096 N-5541 Kolnes, Kongsberg, Norway.	1042. Cadde 1319.Sokak No.9/5 Ovecler, Ankara, Turkey.	Azadlig Avenue 189, Apt 61, AZ1130 Baku, Azerbaijan.	Level 5, The Mall Complex, The Mall, Floriana, Malta.
Line of business	Provision of technical, engineering and industrial services	Provision of consultancy, training and human resources services	Provision of technical, engineering and industrial services	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Provision of auxiliary services for oil and gas companies	Holding Company
Ownership interest held by Group companies: Direct Indirect	85%	60%	80%	80%	60%	80%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	Velosi Malta II Ltd	Applus Velosi Czech Republic, s.r.o.	Velosi Turkmenistan	Velosi Industries Sdn Bhd	Velosi Specialised Inspection Sdn Bhd	Kurtec Inspection Services Sdn Bhd	Kurtec Tube Inspection Sdn Bhd	Velosi Plant Design Engineers Sdn Bhd
Registered office	Level 5, The Mall Complex, The Mall, Floriana, Malta.	Prague 9, Ocelářská 35/1354 - Czech Republic.	Ashgabat City, Kopetdag District, Turkmenbashi, Avenue, No. 54, Turkmenistan.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.
Line of business	Holding Company	Manufacturing, trade and services not listed in Appendix 1-3 of the Trade License Activity	No line of business	Investments, investment property and provision of engineering services	Provision of engineering and technical services	Provision of non-destructive testing (specialised NDT) services, inspection of guided wave long range ultrasonic testing (LRUT) and remote visual inspection	Provision of specialised non-destructive testing (NDT) inspection and cleaning of pipes and tanks	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess
Ownership interest held by Group companies: Direct Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	K2 Specialist Services Pte Ltd	SEA Team Solutions (M) Sdn Bhd	Velosi Engineering Projects Pte Ltd	Velosi Energy Consultants Sdn Bhd	Velosi (HK) Ltd	Velosi Saudi Arabia Co Ltd	Velosi Engineering Management Consultancy Ltd Co.	Velosi Siam Co Ltd
Registered office	521 Bukit Batok Street 23 Unit 5E, Excel Building, 659544, Singapore	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	521, Bukit Batok Street 23, Unit 5E, 659544 Singapore, Singapore	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Level 12, 28 Hennessey Road, Wanchai, Hong Kong.	Unit No. 1, Al-Qusur, Talal Al-Doha Building, Sub of Prince Mohammad bin Fahd Road, Dhahran, 34247-3229, Kingdom of Saudi Arabia.	Room 2501-2503, World Center Block A, No.18 Tao lin Road, Pudong, Shanghai PRC 200135.	56 Silom Rd, Yada Building Fl.9/905, Suriyawongse, Bangrak, 10500 Bangkok, Thailand.
Line of business	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Training/hiring of specialised staff	Provision of third-party inspection services	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor	Provision of management services, sales support, advisory and business development services to related companies	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates	Provision of consulting of Petroleum Engineering, technical consultation of mechanical engineering and consulting of business management	Holding Company
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	75%	100%	100%	60%	100%	49%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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Name	Velosi Certification Services Co Ltd	Velosi Integrity & Safety Pakistan (Pvt) Ltd	Velosi Corporate Services Sdn Bhd	Velosi International Holding Company BSC (c)	Velosi Certification Services LLC	Velosi Certification WLL	PT Java Velosi Mandiri	Velosi Certification WLL
Registered office	56 Silom Rd, Yada Building Fl.9/905, Suriyawongse, Bangrak, 10500 Bangkok , Thailand.	Office No. 401, 4th Floor, Business Centre, Block 6, P.E.C.H.S. Society, 74000 Karachi, Pakistan.	C/o AGL Management Associates Sdn Bhd, No. 152-318A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Flat 42, Building 1033, Road 3731, Block 337, Menama/UMM Alhassam, Kingdom of Bahrain	# 201, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	Block 9, Building 24, Office 21, Ground Floor, East Ahmadi, Industrial Area, P O Box # 1589, Salmiya – 22016, Kuwait.	Roxy Mas, Blok E.I. No. 5, Jl. K.H. Hasyim Ashari, Cideng Gambir, Jakarat Pusa.	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha, Qatar.
Line of business	Provision of engineering and technical services	Provision of support engineering services, inspections based on risk, reliability centred maintenance, assessment of the safety integrity level, suitability for management services studies, corrosion data management control systems, quality management system certification, specialised non-destructive testing services, approval of the design review, third-party inspection services and inspection of plants and access engineering	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Holding company of a group of commercial, industrial and service companies	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Provision of industrial consultancy	Provision of engineering consultancy services, such as quality control and non-destructive testing (NDT) inspection services, provision of skilled labor with vocational training	Provision of inspection and analysis and technical services in the area of qualified technical jobs
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	74%	70%	100%	100%	49%	24%	0%	24%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi PromService LLC	Velosi LLC	PDE Inovasi Sdn Bhd	Velosi Bahrain WLL	Velosi LLC	Velosi Quality Management International LLC	Velosi CBL (M) Sdn Bhd	Velosi LLC
Registered office	Sadovnicheskaya Street 22/15, Building 1, 1st Floor, Office 2, 115035 Moscow, Russian Federation.	Yuzhno-Sakhalinsk, Kommunistichesky Prospect, 32, Suit 610, Sakhalin, Russia.	C/o AGL Management Associates Sdn Bhd, No. 152-3 18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Villa 2291, Road 2757 Adliya 327, Menama, Kingdom of Bahrain	Post Box 261, POSTAL CODE : 131 Hamriya, Sultanate of Oman.	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Suite 22, Building 56, Almaty Block 6, Kazakhstan.
Line of business	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries	Holding Company	Provision of consultancy and engineering services for the design, construction and engineering of the works of the plant	Equipment certification engineering and inspection controls	Provision of industrial inspection services, services for the management of facilities, quality and service issuance certificates	Provision of certification, engineering and inspection, onshore and/or offshore services	Provision of equipment inspection services	Provision of services in the area of industrial safety
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	100%	50%	42%	60%	80%
Method used to account the investment	Equity method	Full consolidation	Full consolidation	Full consolidation	Equity method	Full consolidation	Full consolidation	Full consolidation

Name	Velosi (B) Sdn Bhd	Velosi Certification Services LLC	Velosi Philippines Inc	Velosi Ukraine LLC	Dija & Furat Quality Assurance, LLC.	ApplusVelosi OMS Co. Ltd	Steel Test (Ply) Ltd	Velosi (Ghana) Ltd
Registered office	Lot 5211, Spg. 357, Jin Maulana, KA 2931 Kuala Belait, Negara Brunei Darussalam.	17, Chimkent Street, Mirobod District, 100029 Tashkent, Uzbekistan.	1004, 10F, Pagibig WT Tower, Cebu Business Park, Ayala, Cebu City, Philippines.	5A Pilerska Street, 03087 Kyiv, Ukraine.	Ramadan Area, District 623 S, No.1, Baghdad, Iraq.	108, Jin-ha, Seo-sang, Uiju, Ulsan, Republic of Korea.	28 Senator Rood Road, 1939 Vereeniging, Republic Of South Africa.	P.O.Box OS 0854, OSU, ACCRA, Ghana.
Line of business	Provision of quality control and engineering services for the oil and gas industries	Provision of inspection, certification, monitoring and other types of business activity	Provision of business process outsourcing	Provision of ancillary services in the oil and natural gas industries	Provision of inspection, quality control and certification services	Provision of inspection, quality control and certification services	Pipe and steel thickener testing	Provision of inspection, quality control and certification services
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	30%	80%	100%	100%	100%	66,60%	100%	49%
Method used to account the investment	Equity method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi Angola Prestacao de Servicos Ltda	Velosi Superintendend Nigeria Ltd	Velosi Uganda LTD	Velosi SA (Pty) Ltd	Applus Velosi Egypt, LLC	Velosi Mozambique LDA	Applus Velosi Angola, Lda.	Applus India Private Limited
Registered office	Rua Dr. Jose Maria Antunes 41/43, Maianga, Luanda, Angola.	C/o The Law Union, 10 Balarabe Musa Crescent, Victoria Island, Lagos, Nigeria.	3rd Floor, Rwenzori House, Plot 1, Lumumba Avenue, PO Box 10314 Kampala, Uganda.	1st Floor, AMR Building 1, Concorde Road East, Bedfordview, 2008 Gauteng, South Africa.	5A Khaled ibn Al Walid Street Sheraton Nozha Cairo, Egypt	Avenida Kim Il Sung, 961 - Bairro Sommershield - Distrito Urbano 1, Maputo Cidade - Moçambique.	Rua Marechal Brós Tito, n.º 35-37 Piso 13, Fracção B Edifício Escom Angola	#5, 2-13/4, Beside SBH, Hydernagar Kukatpally Hyderabad, Telangana, India 500072
Line of business	Provision of quality assurance and control, inspection, supply of technical manpower, certification and regulatory inspection, NDE specialised services and engineering	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Provision of business consulting and management	Provision of services related with the quality of the oil and gas industries	Provision of engineering consultancy in the oil sector, the maritime business, power generation and mining, as well as management consulting	Provision of consultancy services and technical assistance in the oil and gas industries, such as labor force services, and other specialized services in non-destructive trials, controls, quality inspections and asset integrity	Provision of quality assurance and control, inspection, supply of technical manpower, certification and specialised services in NDT and engineering.	Provision of labor supply services for the oil and gas industries
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	49%	30%	100%	100%	100%	100%	49%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	K2 Do Brasil Services Ltda	Applus Velosi America LLC	Applus Velosi Canada Ltd	Velosi Do Brasil Ltda	Midstream Technical Inspection Services, LLC	Applus K2 America, LLC	Velosi Australia Pty Ltd	QA Management Services Pty Ltd
Registered office	Avenida Nossa Senhora da Gloria, 2.643, Cavaleiros, Macae - RJ, CEP27920-360, Macae, Brazil.	222 Pennbright, Suite 230, Houston, TX 77090, United States of America.	c/o Merani Reimer LLP, Suite 300, 714, 1st Street SE, Calgary, Alberta, T2G 2G8, Canada	Praia Do Flamengo 312, 9 Andar Parte Flamengo, Rio De Janeiro, Brazil.	222 Pennbright, Suite 230, Houston, TX 77090, USA	222 Pennbright, Suite 230, Houston, TX 77090, USA	Jetstream Business Park, Unit A3 5 Grevillea Place Eagle Farm qld 4009	Suite 6, 202 Hampden Rd, 6009 Nedlands, WA , Australia.
Line of business	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor	Provision of labor supply services for the oil and gas industries	Provision of labor supply services for the oil and gas industries	No line of business	Supply of certifications for pipelines belonging to the oil and gas sector	Providing solutions for owners and operators of drilling rigs and FPSO in America, including inspection services, repair and maintenance, structural design and analysis and training services	Holding company	Provision of quality assurance services, such as worldwide inspection and ISO 9000 Quality Management Consultancy, training courses, quality control software packages and specialised labor services
Ownership interest held by Group companies:	-	-	-	-	-	-	-	-
Direct	100%	100%	100%	98,00%	100%	100%	100%	100%
Indirect								
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Note: the % of ownership of the Group companies reported corresponds to the legal interest.

Appendix II - Out of the scope of consolidation

Name	Velosi Cameroun Sarl	Velosi Gabon PTE LTD CO (SARL)	Applus Velosi Kenya Limited	Steel Test Secunda (PTY), LTD.	K2 Specialist Services FZE	Oman Inspection & Certification Services LLC
Registered office	Douala, PO Box 15805, Akwa, Cameroon	Cité Shell, Port-Gentil in Gabon, BP: 2 267, Gabon.	3rd floor, Kiganjo House, Rose Avenue Off Denis Pritt Road L.R No 1/1870, Nairobi P.O.Box 50719 - 00200, Nairobi	11 Viscount, Road Bedfordview 2007, South Africa.	P.O. Box 5480, Fujairah, U.A.E:	P.O. Box 15, Postal code 105 South Alkhuwar/Bawshar/Muscat
Line of business	No line of business	Provision of security and environmental services (HSE), quality control and engineering in the oil and gas sector.	Services of provision of quality control, technical engineering of labor and consulting, Non Destructive Testing and certification, electrical inspection, engineering and project management and supervision of construction services	Inspection of pipes and steel thickness	Natural Gas and Oil Repair and Maintenance Equipment	Natural Gas and Oil Repair and Maintenance Equipment
Ownership interest held by Group companies:						
Direct	-	-	-	-	-	-
Indirect	100%	75%	100%	100%	100%	50%

Name	Vocational Training and Importation of Man Power LLC (Iraq)	VAIL Consultancy Services DMCC	Precision for Engineering Services, Project Management, Vocational Training and Importation of Man Power, LLC.
Registered office	Basra - Iraq	DMCC Business Centre - Level No 1 - Jewellery & Gemplex 3 Dubai - United Arab Emirates	Al-Shamasiyah District Section No. 316 Street 15 house 37/1
Line of business	Purchase, lease, possess movable property, intellectual property and sale of said goods	Onshore and offshore services of Oil and Gas	Buy, lease, ownership of personal property, intellectual property and the sale of said goods
Ownership interest held by Group companies:			
Direct	-	-	
Indirect	100%	80%	100%