Applus Services, S.A.

Interim Condensed Consolidated Financial Statements for the six month period ended at 30 June 2018 and Limited Review Report

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

Deloitte.

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position at 30 June 2018, the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2018 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of matter paragraph

We draw attention to Note 2-a to the accompanying interim condensed consolidated financial statements notes, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017. This matter does not affect our conclusion.

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

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2018 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2018. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

Other Matter Paragraph

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

DELOITTE, S.L.

Ana Torrens

20 July 2018

Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated
Financial Statements for the six month period ended at 30 June 2018 and the limited review report

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

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 20), In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

(Thousands of Euros)

ASSETS	Notes	30/06/2018 (*)	31/12/2017
NON-CURRENT ASSETS:			
Goodwill	4	580,817	554,861
Other intangible assets	5	549,293	581,897
Property, plant and equipment	7	210,861	210,396
Non-current financial assets	8	11,879	11,797
Deferred tax assets	14.1	70,037	71,933
Total non-current assets		1,422,887	1,430,884
CURRENT ASSETS:			
Non-current assets held for sale		-	11,750
Inventories		8,443	8,146
Trade and other receivables -		435,105	399,218
Trade and other receivables	9	371,939	343,248
Trade receivables from related parties	9 & 17	79	3,969
Other receivables	9	19,896	20,678
Corporate income tax assets		15,681	20,039
Other current assets		27,510	11,284
Current financial assets		17,155	24,846
Cash and cash equivalents		139,974	129,211
Total current assets		600,677	573,171
TOTAL ASSETS		2,023,564	2,004,055

EQUITY AND LIABILITIES	Notes	30/06/2018 (*)	31/12/2017
EQUITY:			
Share capital and reserves -			
Share capital		13,070	13,070
Share premium		449,391	449,391
Retained earnings and other reserves		306,948	290,484
Profit for the period attributable to the Parent		22,209	35,582
Treasury Shares		(144)	(1,186)
Valuation adjustments -			
Foreign currency translation reserve		(48,476)	(43,735)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**742,998**	**743,606**
NON-CONTROLLING INTERESTS		**59,895**	**51,357**
Total equity	10	**802,893**	**794,963**
NON-CURRENT LIABILITIES:			
Non-current provisions	16	21,999	17,258
Bank borrowings	11	599,087	597,519
Other financial liabilities		26,415	27,349
Deferred tax liabilities	14.2	155,852	161,992
Other non-current liabilities		29,153	33,034
Total non-current liabilities		832,506	837,152
CURRENT LIABILITIES:			
Current provisions		1,977	1,074
Bank borrowings	11	38,355	29,385
Trade and other payables		315,562	307,709
Trade and other payables to related parties	17	3	521
Corporate Income tax liabilities		13,409	12,066
Other current liabilities		18,859	21,185
Total current liabilities		388,165	371,940
TOTAL EQUITY AND LIABILITIES		2,023,564	2,004,055

(*) Interim Condensed Consolidated Statement of Financial Position as at 30 June 2018 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated of Financial Position for the first half of 2018.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 20), In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST HALF OF 2018

(Thousands of Euros)

	Notes	30/06/2018 (*)	30/06/2017 (*)
CONTINUING OPERATIONS:			
Revenue	15	812,770	789,258
Procurements		(75,757)	(91,441)
Staff costs	13.a	(446,528)	(429,752)
Other operating expenses		(183,605)	(177,894)
Operating profit before depreciation, amortization and others		**106,880**	**90,171**
Depreciation and amortisation charge	5 & 7	(54,162)	(46,697)
Impairment and gains or losses on disposal of non-current assets		(445)	476
Other losses		(667)	(2,350)
OPERATING PROFIT:		**51,606**	**41,600**
Financial result	13.b	(9,301)	(12,300)
Share of profit of companies accounted for using the equity method		3	493
Profit before tax		**42,308**	**29,793**
Corporate Income tax		(11,454)	(8,685)
Net profit from continuing operations		**30,854**	**21,108**
PROFIT FROM DISCONTINUED OPERATIONS NET OF TAX:		-	-
NET CONSOLIDATED PROFIT:		**30,854**	**21,108**
Profit attributable to non-controlling interests	10	8,645	4,800
NET PROFIT ATTRIBUTABLE TO THE PARENT:		**22,209**	**16,308**
Profit per share (in euros per share):	10		
- Basic		**0.155**	**0.125**
- Diluted		**0.155**	**0.125**

(*) Interim Condensed Consolidated Statement of Profit or Loss for the first half of 2018 and 2017 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Profit or Loss for the first half of 2018.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 20), In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2018
(Thousands of Euros)

	30/06/2018 (*)	30/06/2017 (*)
NET CONSOLIDATED PROFIT:	30,854	21,108
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	(4,494)	(7,926)
2. Transfers to the statement of profit or loss:		
Other comprehensive result	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26,360	13,182
Total comprehensive income for the year attributable to:		
- Owners of the company	17,468	9,664
- Non-controlling interests	8,892	3,518
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26,360	13,182

(*) Interim Condensed Consolidated Statement of Comprehensive Income for the first half of 2018 and 2017 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Comprehensive Income for the first half of 2018.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 20), In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF OF 2018
(Thousands of Euros)

	Share capital	Share premium	Retained earnings and other reserves	Profit for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance as at 31 December 2016	**11,770**	**313,525**	**300,156**	**19,542**	**(2,837)**	**(29,062)**	**44,500**	**657,594**
Changes in the scope of consolidation and others	-	-	(534)	-	-	-	48	(486)
Allocation of 2016 profit	-	-	19,542	(19,542)	-	-	-	-
Dividends	-	-	(16,902)	-	-	-	(1,546)	(18,448)
Treasury shares	-	-	2,788	-	1,651	-	-	4,439
1st semester 2017 comprehensive income	-	-	-	16,308	-	(6,644)	3,518	13,182
Balance as at 30 June 2017 (*)	**11,770**	**313,525**	**305,050**	**16,308**	**(1,186)**	**(35,706)**	**46,520**	**656,281**

	Share capital	Share premium	Retained earnings and other reserves	Profit for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance as at 31 December 2017	**13,070**	**449,391**	**290,484**	**35,582**	**(1,186)**	**(43,735)**	**51,357**	**794,963**
Changes in the scope of consolidation and others	-	-	(199)	-	-	-	2,015	1,816
Allocation of 2017 profit	-	-	35,582	(35,582)	-	-	-	-
Dividends	-	-	(18,592)	-	-	-	(2,369)	(20,961)
Treasury shares	-	-	(327)	-	1,042	-	-	715
1st semester 2018 comprehensive income	-	-	-	22,209	-	(4,741)	8,892	26,360
Balance as at 30 June 2018 (*)	**13,070**	**449,391**	**306,948**	**22,209**	**(144)**	**(48,476)**	**59,895**	**802,893**

(*) Interim Condensed Consolidated Statment of Changes in Equity for the first half of 2018 and 2017 unaudited.

The accompanying Notes 1 to 20 are an integral part
of the Interim Condensed Consolidated Statement of Changes in Equity for the first half of 2018.

Translation of Interim Condensed Consolidated Financial Statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 20), In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICIES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2018

(Thousands of Euros)

	Notes	30/06/2018 (*)	30/06/2017 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**42,308**	**29,793**
Adjustments of items that do not give rise to operating cash flows -			
Depreciation and amortisation charge	5 & 7	54,162	46,697
Changes in provisions and allowances		(912)	1,308
Financial result of consolidated companies	13.b	9,301	12,300
Share of profit of companies accounted for using the equity method		(3)	(493)
Gains or losses on disposals of property, plant and equipment		445	(476)
Profit from operations before changes in working capital (I)		**105,301**	**89,129**
Changes in working capital-			
Changes in trade and other receivables		(30,013)	(1,411)
Changes in inventories		(297)	(3,249)
Changes in trade and other payables		(10,490)	(33,090)
Cash generated by changes in working capital (II)		**(40,800)**	**(37,750)**
Other cash flow from operating activities-			
Other payments		-	(1,980)
Other cash flow from operating activities (III)		**-**	**(1,980)**
Corporate Income Tax		(8,766)	(11,093)
Cash flows from income tax (IV)		**(8,766)**	**(11,093)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)+(IV)		**55,735**	**38,306**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		3,230	-
Payments due to acquisition of subsidiaries and other non-current financial assets	3.c	(31,003)	(4,637)
Proceeds from disposal of property, plant and equipment		-	7,770
Payments due to acquisition of intangible and property, plant and equipment assets	5 & 7	(18,486)	(20,593)
Net cash flows used in investing activities (B)		**(46,259)**	**(17,460)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received	13.b	1,244	714
Interest paid		(6,787)	(8,366)
Net changes in non-current financing (proceeds and payments)		(4,138)	(49,400)
Net changes in current financing (proceeds and payments)		16,518	(5,252)
Dividends paid by Group companies to non-controlling interests		(4,012)	(3,291)
Net cash flows used in financing activities (C)		**2,825**	**(65,595)**
EFFECT OF EXCHANGE RATE IN FOREIGN CURRENCY (D)		**(1,538)**	**(6,990)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**10,763**	**(51,739)**
Cash and cash equivalents at beginning of year		**129,211**	**188,224**
Cash and cash equivalents at end of year		**139,974**	**136,485**

(*) Interim Condensed Consolidated Statement of Cash Flows for the first half of 2018 and 2017 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Cash Flows for the first half of 2018.

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Applus Services, S.A.
and Subsidiaries

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the first half of 2018

1. Group activities

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

The Parent Company registered office is in Madrid, calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes.

The Parent Company objectives are 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 planning and execution of all types of studies and projects in relation to the abovementioned activities: economic, industrial, property, information technology, market surveys and research, as well as the supervision, direction and provision of services and advice in the execution thereof. Provision of services, advice, administration, operation and management, whether technical, fiscal, legal or commercial.
- Business intermediation services, both locally and abroad.
- To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with administration, consultancy, audit, certification, approval, personnel training and qualification, and technical assistance in general in order to improve the organisation 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 organisation and office automation, mining, food, environment, construction and civil works, performed during the stages of design, planning, manufacturing, construction and assembly and commissioning, maintenance and production for all types of companies and entities, both public and private, as well as before the Central State Administration, the Administrations of Autonomous Communities, Provinces and Municipalities, and all types of agencies, institutions and users, whether within the country or abroad.

- The purchase, holding and administration, whether direct or indirect, of shares, corporate interests, quota shares and any other form of holding or interest in the capital and/or securities granting right to the obtaining of shares, corporate interests, quota shares, or other holdings or interests in companies of any type, with or without legal personality, established in accordance with Spanish law or any other applicable legislation, in accordance with Article 108 of the Law 27/2014, of 27 November 2014, on Corporate Income Tax, or by such legislation as may replace it, as well as the administration, management and guidance of such companies and entities, whether directly or indirectly, by means of the membership, attendance and holding of positions on any governing and management bodies of such companies or entities, carrying out the aforementioned advisory, management and guidance services making use of the corresponding organisation 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 authorisation, 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.

2. Basis of presentation and basis of consolidation

a) Basis of presentation

These interim condensed consolidated financial statements for the first half ended 30 June 2018 were prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). These interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2017, which were prepared in accordance with EU-IFRSs. Accordingly, it was not necessary to repeat or update certain notes or estimates included in those consolidated financial statements. Therefore, the accompanying selected explanatory notes include an explanation of the events and changes that are significant to an understanding of the changes in consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Applus Group in the period from 31 December 2017, the date of the aforementioned consolidated financial statements, to 30 June 2018.

These interim condensed consolidated financial statements were authorised for issue by the Parent's Board of Directors at its meeting held on 20 July 2018.

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

b) *Comparative information*

In accordance with IAS 34, in order to present comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position at 30 June 2018 and 31 December 2017, the interim condensed consolidated statement of profit or loss for the first half ended 30 June 2018 and 2017, the interim condensed consolidated statements of comprehensive income for the first half ended 30 June 2018 and 2017, the interim condensed consolidated statements of changes in equity for the first half ended 30 June 2018 and 2017, the interim condensed consolidated statements of cash flows for the first half ended 30 June 2018 and 2017 and the explanatory notes to the interim condensed consolidated financial statements for the first half ended 30 June 2018.

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

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

In the Group's interim condensed consolidated financial statements at 30 June 2018, estimates were occasionally made by management of the Parent and of the consolidated companies, later ratified by their Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of goodwill (see Note 4).
- The impairment losses on certain assets (see Note 6).
- The recoverability of the deferred tax assets (see Note 14).
- The useful life of the property, plant and equipment and intangible assets.
- The assumptions used in measuring the fair value of the financial instruments and assets and liabilities in business combinations.
- Income from pending to be billed services.
- Provisions and contingent liabilities (see Note 16).
- Corporate Income Tax and deferred tax assets and liabilities (see Note 14).

Although these estimates were made on the basis of the best information available at 30 June 2018 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

3. Accounting policies and valuation policies

The accounting policies used in these interim condensed consolidated financial statements at 30 June 2018 are the same as those used in the consolidated financial statements for the year ended 31 December 2017, except as described below:

a) Changes in accounting principles and disclosure rules effective in 2018

In 2018 new accounting standards came into force, which, accordingly, were taken into account in the preparation of these interim condensed consolidated financial statements. The following standards have been applied in these interim condensed consolidated financial statements but did not have any significant impact on the presentation hereof or the disclosures herein:

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union:		
New standards:		
IFRS 15. Revenue from Contracts with Customers (issued in May 2014) and clarifications (issued in April 2016)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31)	1 January 2018
IFRS 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
Amendments and interpretations:		
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
IFRS 1. First-time adoption of IFRS (issued in December 2016)	Removal of some short-term exceptions (improvements to IFRSs, 2014-2016 cycle)	1 January 2018
IAS 28. Investments in Associates and Joint Ventures (issued in December 2016)	Clarification related to option of fair value measurement (improvements to IFRSs, 2014-2016 cycle)	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

With effect 1 January 2018, the Group has applied the new IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments with no change from those indicated in the consolidated financial statements for 2017. As a result of the application of the new accounting rules there has been no significant impact on the financial situation and performance of the Group.

b) ***Accounting standards issued but not yet in force in 2018***

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

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Approved for use in the European Union:		
New standards:		
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 IFRS 9. Prepayment Features with Negative Compensation (issued in October 2017).	These amendments allow measurement of certain financial instruments with prepayment features at amortised cost permitting the payment of an amount that is substantially less than the unpaid amounts of principal and interest.	1 January 2019
Not yet approved for use in the European Union (1)		
New standards		
IFRS 17, Insurance Contracts (issued in May 2017)	Supersedes IFRS 4. Establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective is to ensure that an entity provides relevant information that faithfully represents those contracts, which gives a basis for users to assess the effect that insurance contracts have on the financial statements.	1 January 2021

Amendments and interpretations:		
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over the acceptability of a particular tax treatment used by the entity under tax law.	1 January 2019
Amendments to IFRS 9. Prepayment Features with Negative Compensation (issued in October 2017).	These amendments allow measurement of certain financial instruments with prepayment features at amortised cost permitting the payment of an amount that is substantially less than the unpaid amounts of principal and interest.	1 January 2019
Improvements to IFRSs, 2015-2017 cycle (issued in December 2017)	Amendments to a series of standards.	1 January 2019
Amendments to IAS 19. Employee Benefits (issued in February 2018)	Clarifies how calculate the service cost for the actual period and the net rate interest for the rest of the annual period when producing an amendment, reduction or payment of defined benefit plan.	1 January 2019

(1) The status of approval of the standards by the European Union can be consulted on the EFRAG website.

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.

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 IFRS 16, Leases (mandatory in 2019). The Group is working on the analysis of the impact of the application of the rule, with no relevant change from those indicated in the consolidated financial statements for 2017.

c) Changes in the scope of consolidation

The main changes in the scope of consolidation in the first half of 2018 are the acquisitions of the following companies:

- 3C Test Limited
- Applus Idiada Karco Engineering, L.L.C.
- DatapointLabs, Llc.

DatapointLabs, Llc. is the parent of a group of companies ("the Datapoint Group") which includes the subsidiaries DatapointLabs India, Inc. and Matereality Llc.

Applus Group has paid of GBP 10.6 million (EUR 12.1 million at the acquisition date) in relation to the acquisition of the company 3C Test Limited. The goodwill arising from this acquisition, due to the difference between the acquisition-date fair values of the assets acquired and the liabilities assumed, and the cost of the business combination, provisionally, amounted to GBP 8.7 million (EUR 10.4 thousand at the acquisition date).

Applus Group has paid USD 4.9 million (EUR 4.2 million at the acquisition date) in relation to the acquisition of 67% of the share capital of the company Applus Idiada Karko Engineering, L.L.C.. The goodwill arising from this acquisition, due to the difference between the acquisition-date fair values of the assets acquired and the liabilities assumed, and the cost of the business combination, provisionally, amounted to USD 4.2 million (EUR 3.6 million at the acquisition date).

Applus Group has paid USD 11.1 million (EUR 9.5 million at the acquisition date) in relation to the acquisition of the Datapoint Group. In addition, the agreement included an earn-out provision tied to certain financial goals amounting to a maximum of USD 6,000 thousand which the acquired company would have to achieve in 2017 2018 and 2019. The Group considered that conditions will prevail for the earn-out to amount to USD 100 thousand (EUR 85 thousand at the acquisition date) and, accordingly, this amount was taken into account when determining the acquisition cost. The goodwill arising from this acquisition, due to the difference between the acquisition-date fair values of the assets acquired and the liabilities assumed, and the cost of the business combination, provisionally, amounted to USD 10.7 million (EUR 9.1 million).

At the date of preparation of the Interim Condensed Consolidated Financial Statements, neither the assets nor liabilities' measurement processed at fair value of these acquisitions described above had been completed and the goodwill allocation is provisional. The Directors of the Parent Company considered that the assets and liabilities' measurement process and the goodwill allocation would be completed in the second half of 2018, and applied retroactively as permitted in IFRS 3 – Business Combinations.

d) Transactions in currencies other than the Euro

The Group's presentation currency is the Euro. Therefore, all balances and transactions in currencies other than euro are considered "foreign currency". The average and closing rates used in the translation to euros of the balances held in foreign currency at 30 June 2018 and at 31 December 2017 are as follows:

1 Euro	Currency	30 June 2018		31 December 2017	
		Average rate	Closing rate	Average rate	Closing rate
Danish Krone	DKK	7.45	7.45	7.44	7.44
Norwegian Krone	NOK	9.60	9.48	9.32	9.88
Czech Koruna	CZK	25.48	25.90	26.34	25.67
United Arab Emirates dirham	AED	4.45	4.29	4.14	4.34
Canadian Dollar	CAD	1.55	1.56	1.46	1.52
Singapore Dollar	SGD	1.61	1.59	1.56	1.59
US Dollar	USD	1.21	1.17	1.13	1.18
Papua New Guinean kina	PGK	3.84	3.75	3.50	3.71
Pound Sterling	GBP	0.88	0.88	0.88	0.88
Argentine Peso	ARS	25.83	31.69	18.64	20.83
Chilean Peso	CLP	739.59	747.16	732.01	734.21
Colombian Peso	COP	3,445.90	3,411.80	3,327.79	3,511.24
Mexican Peso	MXN	23.05	23.27	21.27	22.74
Brazilian Real	BRL	4.13	4.42	3.60	3.89
Qatari Riyal	QAR	4.42	4.26	4.14	4.31
Malaysian Ringgit	MYR	4.76	4.70	4.85	4.83
Saudi Riyal	SAR	4.54	4.39	4.23	4.44
Indonesian Rupiah	IDR	16,666.67	16,556.29	15,060.24	16,077.17
Australian Dollar	AUD	1.57	1.58	1.47	1.54
Peruvian Sol	PEN	3.93	3.82	3.67	3.88
Kuwaiti Dinar	KWD	0.36	0.35	0.34	0.35
Guatemalan Quetzal	GTQ	8.96	8.76	8.28	8.68
Chinese Yuan	CNY	7.71	7.65	7.62	7.80

4. Goodwill

The detail, by cash-generating unit, of the goodwill at 30 June 2018 and 31 December 2017 is as follows:

Cash-generating Unit	Thousands of euros	
	30/06/2018	31/12/2017
Auto Spain (*)	172,629	170,972
Energy & Industry Northern Europe	102,303	102,303
Energy & Industry North America	90,308	89,986
IDIADA	59,673	56,229
Laboratories	57,491	37,999
Energy & Industry Seameap	41,920	41,831
Auto Finisterre	22,799	22,799
Energy & Industry Spain	11,635	10,338
Energy & Industry Latin America	7,815	8,160
Auto Denmark	6,843	6,843
Auto US (*)	6,141	6,141
Other	1,260	1,260
Total goodwill	**580,817**	**554,861**

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

The changes in the first half of 2018 and in 2017 are as follows:

	Thousands of euros
Balance at 1 January 2017	**535,481**
Changes in the scope of consolidation	28,917
Change in exchange rate	(9,537)
Balance at 31 December 2017	**554,861**
Changes in the scope of consolidation	26,095
Change in exchange rate	(139)
Balance at 30 June 2018	**580,817**

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5. Other intangible assets

The changes in the first half of 2018 and in 2017 in intangible asset accounts and in its related accumulated amortisation and impairment are as follows:

	30 June 2018 - Thousands of euros						
	Balance at 1 January 2018	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 30 June 2018
Cost:							
Administrative concessions	266,440	-	92	(312)	75	135	266,430
Patents, licenses and trademarks	272,651	-	-	-	-	6	272,657
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	170,817	-	-	-	-	(118)	170,699
Computer software	72,789	40	1,991	(20)	419	176	75,395
Goodwill acquired	17,890	-	-	-	-	29	17,919
Asset usage rights	72,442	-	-	-	-	-	72,442
Other	39,613	43	1,748	-	(33)	14	41,385
Total cost	**1,172,552**	**83**	**3,831**	**(332)**	**461**	**242**	**1,176,837**
Accumulated amortisation:							
Administrative concessions	(133,703)	-	(12,866)	226	-	(147)	(146,490)
Patents, licenses and trademarks	(110,760)	-	(6,280)	-	-	(8)	(117,048)
Administrative authorisations	(96,608)	-	(7,919)	-	-	-	(104,527)
Customer portfolio	(87,983)	-	(3,451)	-	-	2	(91,432)
Computer software	(57,826)	(3)	(3,055)	23	3	(100)	(60,958)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(39,579)	-	(1,242)	-	-	1	(40,820)
Other	(26,236)	(43)	(1,997)	-	(21)	(12)	(28,309)
Total accumulated amortisation	**(552,773)**	**(46)**	**(36,810)**	**249**	**(18)**	**(264)**	**(589,662)**
Total impairment	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**581,897**	**37**	**(32,979)**	**(83)**	**443**	**(22)**	**549,293**

In the first half of 2018, the amortisation charge of the intangible assets from previous years of the Purchase Price Allocation recognised in the accompanying interim condensed consolidated statement of profit or loss amounted to EUR 29,572 thousand.

	2017 - Thousands of euros						
	Balance at 1 January 2017	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2017
Cost:							
Administrative concessions	112,165	152,868	772	(161)	1,115	(319)	266,440
Patents, licenses and trademarks	272,725	4	-	(5)	19	(92)	272,651
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	174,890	17	-	(315)	-	(3,775)	170,817
Computer software	67,122	1,268	7,280	(1,957)	959	(1,883)	72,789
Goodwill acquired	18,768	-	168	-	-	(1,046)	17,890
Asset usage rights	72,960	-	-	(518)	-	-	72,442
Other	35,936	1,490	4,380	(16)	(2,060)	(117)	39,613
Total cost	**1,014,476**	**155,647**	**12,600**	**(2,972)**	**33**	**(7,232)**	**1,172,552**
Accumulated amortisation:							
Administrative concessions	(71,200)	(53,146)	(9,364)	-	-	7	(133,703)
Patents, licenses and trademarks	(98,263)	(1)	(12,574)	-	-	78	(110,760)
Administrative authorisations	(80,770)	-	(15,838)	-	-	-	(96,608)
Customer portfolio	(78,214)	-	(10,815)	315	-	731	(87,983)
Computer software	(54,397)	(1,020)	(5,601)	1,907	-	1,285	(57,826)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(37,619)	-	(2,489)	530	-	(1)	(39,579)
Other	(22,496)	(286)	(3,861)	8	269	130	(26,236)
Total accumulated amortisation	**(443,037)**	**(54,453)**	**(60,542)**	**2,760**	**269**	**2,230**	**(552,773)**
Total impairment	**(37,882)**	**-**	**-**	**-**	**-**	**-**	**(37,882)**
Total net value	**533,557**	**101,194**	**(47,942)**	**(212)**	**302**	**(5,002)**	**581,897**

Intangible assets by cash-generating unit

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

	30 June 2018 - Thousands of euros													
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Others	**Total**
Cost:														
Administrative concessions	94,102	-	-	-	-	-	182	-	17,881	-	-	154,265	-	**266,430**
Patents, licences and trademarks	18,598	89,405	10,163	58,573	28,210	12,295	40,096	8,776	6,397	1	-	-	143	**272,657**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio and other	-	41,532	-	27,147	69,833	-	18,822	4,142	-	9,223	-	-	-	**170,699**
Computer software	4,354	7,514	295	5,963	1,102	6,737	7,486	4,553	9,616	2,789	2,030	1,026	21,930	**75,395**
Goodwill acquired	-	8,165	769	-	3,314	3,656	1,381	265	-	-	369	-	-	**17,919**
Asset usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,442**
Other	544	14,220	721	26	-	17,588	3,817	2,418	1,047	-	939	65	-	**41,385**
Total cost	**284,307**	**160,836**	**105,872**	**91,709**	**102,459**	**77,005**	**71,787**	**55,141**	**34,941**	**12,013**	**3,338**	**155,356**	**22,073**	**1,176,837**
Accumulated amortisation:														
Administrative concessions	(69,121)	-	-	(3)	-	-	(182)	-	(11,187)	-	-	(65,997)	-	**(146,490)**
Patents, licences and trademarks	(7,878)	(33,887)	(3,993)	(30,261)	(11,940)	(5,215)	(17,093)	(3,714)	(2,924)	(1)	-	-	(142)	**(117,048)**
Administrative authorisations	(38,871)	-	(65,656)	-	-	-	-	-	-	-	-	-	-	**(104,527)**
Customer portfolio and other	-	(17,582)	-	(22,452)	(28,273)	-	(18,822)	(1,918)	-	(2,385)	-	-	-	**(91,432)**
Computer software	(3,696)	(5,423)	(75)	(3,414)	(923)	(5,581)	(6,752)	(3,770)	(6,802)	(2,034)	(1,959)	(870)	(19,659)	**(60,958)**
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	-	**(78)**
Asset usage rights	(727)	-	-	-	-	(17,670)	(3)	(22,420)	-	-	-	-	-	**(40,820)**
Other	(440)	(8,434)	(499)	(25)	-	(12,592)	(3,222)	(2,080)	(1,008)	(9)	-	-	-	**(28,309)**
Total accumulated amortisation	**(120,733)**	**(65,326)**	**(70,223)**	**(56,155)**	**(41,136)**	**(41,058)**	**(46,145)**	**(33,909)**	**(21,921)**	**(4,429)**	**(1,959)**	**(66,867)**	**(19,801)**	**(589,662)**
Total impairment (Note 6)	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	**(5,972)**	-	-	-	-	**(37,882)**
Total net value	**156,523**	**78,766**	**27,534**	**35,554**	**61,323**	**35,947**	**25,642**	**21,232**	**7,048**	**7,584**	**1,379**	**88,489**	**2,272**	**549,293**

	2017 – Thousands of Euros													
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Others	**Total**
Cost:														
Administrative concessions	94,102	-	-	-	-	-	182	-	17,881	-	-	154,275	-	**266,440**
Patents, licences and trademarks	18,598	89,405	10,163	58,574	28,210	12,294	40,096	8,776	6,390	1	-	-	144	**272,651**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio and other	-	41,532	-	27,148	69,799	-	18,822	4,142	-	9,374	-	-	-	**170,817**
Computer software	4,313	7,038	295	5,692	1,057	6,521	7,410	4,407	8,802	2,740	2,030	1,014	21,470	**72,789**
Goodwill acquired	-	8,138	769	-	3,382	3,586	1,381	265	-	-	369	-	-	**17,890**
Asset usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,442**
Other	544	13,482	684	27	-	16,835	3,817	2,191	1,035	1	939	58	-	**39,613**
Total cost	**284,266**	**159,595**	**105,835**	**91,441**	**102,448**	**75,965**	**71,711**	**54,768**	**34,108**	**12,116**	**3,338**	**155,347**	**21,614**	**1,172,552**
Accumulated amortisation:														
Administrative concessions	(66,369)	-	-	-	-	-	(182)	-	(10,916)	-	-	(56,236)	-	**(133,703)**
Patents, licences and trademarks	(7,507)	(32,538)	(3,824)	(27,796)	(11,378)	(4,969)	(16,294)	(3,539)	(2,772)	(1)	-	-	(142)	**(110,760)**
Administrative authorisations	(35,239)	-	(61,369)	-	-	-	-	-	-	-	-	-	-	**(96,608)**
Customer portfolio and other	-	(16,752)	-	(22,287)	(26,232)	-	(18,822)	(1,780)	-	(2,110)	-	-	-	**(87,983)**
Computer software	(3,541)	(5,030)	(19)	(2,913)	(861)	(5,317)	(6,580)	(3,605)	(6,218)	(1,851)	(1,941)	(810)	(19,140)	**(57,826)**
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	-	**(78)**
Asset usage rights	(724)	-	-	-	-	(16,834)	(3)	(22,018)	-	-	-	-	-	**(39,579)**
Other	(413)	(7,712)	(457)	(26)	-	(11,622)	(3,044)	(2,000)	(959)	(3)	-	-	-	**(26,236)**
Total accumulated amortisation	**(113,793)**	**(62,032)**	**(65,669)**	**(53,022)**	**(38,471)**	**(38,742)**	**(44,996)**	**(32,949)**	**(20,865)**	**(3,965)**	**(1,941)**	**(57,046)**	**(19,282)**	**(552,773)**
Total impairment (Note 6)	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	**(5,972)**	-	-	-	-	**(37,882)**
Total net value	**163,422**	**80,819**	**32,051**	**38,419**	**63,977**	**37,223**	**26,715**	**21,819**	**7,271**	**8,151**	**1,397**	**98,301**	**2,332**	**581,897**

6. Impairment of assets

The Group Executive Committee reviews performance by business type and by geographical area at the end of each year. Besides, the Group Committee performs an impairment test of the cash-generating units where any impairment indicator exists at the date of these interim condensed consolidated financial statements.

At 30 June 2018, the Parent's Directors consider that there are no significant indications of impairment of any of the cash-generating units and, accordingly, no impairment losses have been recognised.

7. Property, plant and equipment

The changes in the first half of 2018 and in 2017 in the different property, plant and equipment accounts and in its related accumulated amortisation and provision are as follows:

	30 June 2018 - Thousands of Euros						
	Balance at 1 January 2018	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 30 June 2018
Cost:							
Land and buildings	157,579	901	571	-	778	(238)	159,591
Plant and machinery	262,054	5,171	4,614	(449)	3,530	(96)	274,824
Other fixtures, tools and furniture	71,896	52	317	(204)	203	72	72,336
Other items of property, plant and equipment	72,503	2,732	1,941	(397)	(105)	12	76,686
Advances and property, plant and equipment in the course of construction	21,502	115	7,212	(282)	(4,406)	(230)	23,911
Grants	(714)	-	-	21	-	-	(693)
Total cost	**584,820**	**8,971**	**14,655**	**(1,311)**	**-**	**(480)**	**606,655**
Accumulated amortisation:							
Land and buildings	(62,437)	(50)	(2,932)	1	295	30	(65,093)
Plant and machinery	(182,007)	(2,574)	(10,290)	395	(758)	(79)	(195,313)
Other fixtures, tools and furniture	(56,546)	(15)	(1,593)	197	(223)	(70)	(58,250)
Other items of property, plant and equipment	(71,486)	(2,473)	(2,162)	331	243	(62)	(75,609)
Total accumulated amortisation	**(372,476)**	**(5,112)**	**(16,977)**	**924**	**(443)**	**(181)**	**(394,265)**
Total impairment	**(1,948)**	**-**	**(375)**	**794**	**-**	**-**	**(1,529)**
Total net value	**210,396**	**3,859**	**(2,697)**	**407**	**(443)**	**(661)**	**210,861**

	2017 - Thousands of euros						
	Balance at 1 January 2017	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2017
Cost:							
Land and buildings	168,860	2,819	1,522	(13,710)	6,470	(8,382)	157,579
Plant and machinery	251,807	3,429	19,557	(5,426)	4,325	(11,638)	262,054
Other fixtures, tools and furniture	70,882	333	3,439	(1,110)	430	(2,078)	71,896
Other items of property, plant and equipment	76,877	1,639	5,468	(5,852)	226	(5,855)	72,503
Advances and property, plant and equipment in the course of construction	17,611	49	16,620	(27)	(11,689)	(1,062)	21,502
Grants	(564)	-	9	(159)	-	-	(714)
Total cost	**585,473**	**8,269**	**46,615**	**(26,284)**	**(238)**	**(29,015)**	**584,820**
Accumulated amortisation:							
Land and buildings	(61,528)	(231)	(4,668)	1,964	(19)	2,045	(62,437)
Plant and machinery	(173,046)	(2,502)	(19,734)	4,939	(54)	8,390	(182,007)
Other fixtures, tools and furniture	(55,262)	(281)	(3,219)	1,022	12	1,182	(56,546)
Other items of property, plant and equipment	(76,641)	(1,039)	(6,218)	7,256	(3)	5,159	(71,486)
Total accumulated amortisation	**(366,477)**	**(4,053)**	**(33,839)**	**15,181**	**(64)**	**16,776**	**(372,476)**
Total impairment	**(1,951)**	**-**	**-**	**3**	**-**	**-**	**(1,948)**
Total net value	**217,045**	**4,216**	**12,776**	**(11,100)**	**(302)**	**(12,239)**	**210,396**

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

8. Non-current financial assets

The main items included in this heading are disclosed in Note 8 to the consolidated financial statements for 2017.

In the first half of 2018 there have not been any significant changes with respect to the consolidated financial statements at 31 December 2017, except for the changes in accounting principles and disclosure rules effective in 2018, indicated in Note 3-a.

At 30 June 2018 this chapter includes EUR 3.5 million (2017 year-end: EUR 3 million) relating to restricted cash deposits to secure certain contracts entered into.

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

The detail of these items at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of euros	
	30/06/2018	31/12/2017
Trade receivables for sales and services	264,593	282,339
Work in progress	138,334	90,274
Provision for doubtful debts	(30,988)	(29,365)
Trade receivables for sales and services	**371,939**	**343,248**
Trade receivables from related companies (Note 17)	79	3,969
Other receivables	13,319	12,567
Other accounts receivable from public authorities	6,577	8,111
Total trade and other receivables	**391,914**	**367,895**

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 changes in the first half of 2018 and in 2017 in the allowance for doubtful debts were as follows:

	Thousands of euros
Balance at 1 January 2017	**29,267**
Additions	9,260
Amounts used	(3,213)
Disposals	(3,617)
Effect of exchange rate changes	(2,332)
Balance at 31 December 2017	**29,365**
Additions	3,488
Amounts used	(1,074)
Disposals	(1,280)
Effect of exchange rate changes	489
Balance at 30 June 2018	**30,988**

10. Equity

a) Share capital

At 30 June 2018 and at 31 December 2017, the Parent's share capital is represented by 143,018,430 fully subscribed and paid up ordinary shares of EUR 0.10 per value each.

Per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (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 30 June 2018, were as follows:

Shareholder	% share
Southeastern Asset Management, Inc.	9.81%
Threadneedle Asset Management Limited	8.20%
Harris Associates Investment Trust	4.61%
Norges Bank	4.53%
River & Mercantile Group P.L.C.	3.06%
Eleva Capital	3.02%
Deutsche Asset Management Investment GmbH	3.01%

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

Also, the tax on corporate transactions amounting to EUR 1,231 thousand relating to a capital increase performed on 29 November 2007 is recognised as a reduction of share capital at the consolidated tax group.

b) Reserves and share premium

The legal reserve at 30 June 2018 amounts to EUR 2,860 thousand which is equivalent to the 20% of capital.

The total amount of share premium at 30 June 2018 is EUR 449,391 thousand and it is fully available.

c) Treasury shares

At 30 June 2018, the Group held a total of 13,400 treasury shares acquired at an average cost of EUR 10.75 per share. The value at 30 June 2018 of these treasury shares totalled EUR 144 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement at 30 June 2018.

At 31 December 2017, the Group held or had purchased a total of 112,774 treasury shares at an average acquisition cost of EUR 10.52 per share. The value of these treasury shares totalled EUR 1,186 thousand in the accompanying consolidated statement at 31 December 2017.

In March 2018 the Group delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 124,344 shares, in all cases in accordance with the schedule approved in the economic incentive plan in the new incentive plan granted (see Note 18).

d) *Distribution of profit*

At 31 May 2018, the shareholders at the Annual General Meeting of the Parent Company resolved to allocate EUR 31.059 thousand of the Parent's profit for 2017 to dividends for a value of EUR 18,592 thousand, to legal reserve for a value of EUR 260 and to unrestricted reserves for a value of EUR 12,207 thousand.

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

On 12 July 2018 this dividend was paid.

e) *Profit per share*

The profit per share is calculated dividing the profit attributable to the shareholders of the Parent by the average number of ordinary shares in circulation in the year excluding the average number of treasury shares. At 30 June 2018 and 30 June 2017 the profit per share is as follows:

	30/06/2018	30/06/2017
Number of shares	143,018,430	130,016,755
Average number of shares	143,018,430	130,016,755
Consolidated net profit attributable to the Parent (thousands of euros)	22,209	16,308
Number of treasury shares	13,400	112,744
Number of shares in circulation	143,018,430	130,016,755
Profit per share (in euros per share)		
- Basic	0.155	0.125
- Diluted	0.155	0.125

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

f) *Foreign currency translation reserve*

The detail of "Foreign currency translation reserve" in the interim condensed consolidated statement of financial position at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of euros	
	30/06/2018	31/12/2017
Applus+ Energy & Industry	(9,058)	(7,274)
Applus+ Laboratories	(652)	(704)
Applus+ Automotive	(41,071)	(37,704)
Applus+ IDIADA	251	332
Others	2,054	1,615
Total	**(48,476)**	**(43,735)**

g) *Non-Controlling interests*

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

	30 June 2018 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	14,401	252	14,653
IDIADA Automotive Technology, S.A. subgroup	11,345	2,516	13,861
Arctosa Holding B.V. subgroup	262	(6)	256
Velosi S.à r.l. subgroup	19,142	2,074	21,216
Applus Iteuve Technology, S.L.U. subgroup	6,100	3,809	9,909
Total non-controlling interests	**51,250**	**8,645**	**59,895**

	31 December 2017 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	14,052	345	14,397
IDIADA Automotive Technology, S.A. subgroup	7,247	4,262	11,509
Arctosa Holding B.V. subgroup	344	(270)	74
Velosi S.à r.l. subgroup	12,759	4,647	17,406
Applus Iteuve Technology, S.L.U. subgroup	6,931	1,040	7,971
Total non-controlling interests	**41,333**	**10,024**	**51,357**

11. Bank borrowings

The detail, by maturity, of the bank borrowings at 30 June 2018 and 31 December 2017 in the interim condensed consolidated statement of financial position is as follows:

	30 June 2018 - Thousands of euros							
	Limit	Current maturity	Non-current maturity					
			2019	2020	2021	2022	2023 onwards	Total
Syndicated loan	738,029	165	-	598,497	-	-	-	598,497
Other loans	-	60	-	-	-	-	-	-
Credit facilities	147,088	37,862	-	-	-	-	-	-
Obligations under finance leases	-	268	134	238	166	32	20	590
Total	**885,117**	**38,355**	**134**	**598,735**	**166**	**32**	**20**	**598,087**

	31 December 2017 - Thousands of euros						
			Non-current maturity				
	Limit	Current maturity	2019	2020	2021	2022 omwards	Total
Syndicated loan	738,029	250	-	596,243	-	-	596,243
Other loans	-	25	4	-	-	-	4
Credit facilities	110,792	28,432	-	-	-	-	-
Obligations under finance leases	-	678	348	234	205	485	1,272
Total	**848,821**	**29,385**	**352**	**596,477**	**205**	**485**	**597,519**

Syndicated loan

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 1.20%.

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

The structure of the syndicated loan is as follows:

First half of 2018

Tranche	Thousands of euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A1	478,903	478,903	26/06/2020
Facility A2	84,668	84,668	26/06/2020
Facility A3	24,458	24,458	26/06/2020
Facility B	150,000	-	26/06/2020
Effect of exchange rate changes	-	14,422	
Interest	-	165	
Debt arrangement expenses	-	(3,954)	
Total	**738,029**	**598,662**	

At 31 December 2017

Tranche	Thousands of euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A1	478,903	478,903	26/06/2020
Facility A2	84,668	84,668	26/06/2020
Facility A3	24,458	24,458	26/06/2020
Facility B	150,000	-	26/06/2020
Effect of exchange rate changes	-	13,182	
Interest	-	250	
Debt arrangement expenses	-	(4,968)	
Total	**738,029**	**596,493**	

“Facility A1” tranche was drawn down in euros (EUR 479 million), “Facility A2” tranche was drawn down in US dollars (USD 117 million) and “Facility A3” tranche was drawn down in pounds sterling (GBP 20 million).

Obligations, restrictions relating to syndicated borrowings and guarantees given:

The syndicated loan is subject to the achievement of a financial ratio “consolidated net financial debt/consolidated EBITDA”, that must not exceed to 4.0x each half year ended on June 30 and December 31 every year (from the half year ended on December 31, 2017 and measured on the basis of 12 month period before the detailed dates) throughout the term of the loan.

The actual ratio as defined in the syndicated loan agreement and based on the interim condensed consolidated financial statements as at 30 June 2018 is 2.4x.

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 majority of the financers' consent, such as certain mergers and changes of business activity (see Note 16-b).

The abovementioned syndicated financing agreement has been repaid on July 11, 2018, prior to the maturity date, therefore the finance structure and the conditions current on the date of authorization for issue of these consolidated financial statements are described in Note 11-c.

b) Credit facilities and other loans

The interest rates on the credit facilities and other loans are tied to Euribor and Libor, plus a market spread (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 12,891 thousand had been used at June 30, 2018 (2017 year-end: EUR 15,443 thousand).

c) New financial structure

Following the period end, the Group took advantage of favourable lending markets including historically low long term euro interest rates to refinance early the senior debt facilities and to diversify the sources of finance.

Therefore on 11 July 2018, the Applus Group repaid the syndicated loan early and entered into a new loan agreement with a new syndicate of nine banks and another with two major US institutional investors. As a result, the Group has improved the terms and conditions of the previous syndicated loan by changing, inter alia, the currencies and amounts in which the Group's current debt is available and drawn, the interest rates, maturities and lenders. Furthermore, on repayment of the syndicated loan the security in the form of various share pledge agreements to the syndicate of banks have been released.

In this context, on 27 June 2018, the Parent and it´s Group companies Arctosa Holding B.V. and Libertytown USA 1, Inc. entered into a new syndicated loan agreement ("Facility Agreement") with Société Générale, Sucursal en España, as the agent bank, and eight other banks. This agreement consists of two tranches: a loan totalling EUR 200 million ("Total Facility A Commitments") and a Revolving Credit Facility that may be drawn down in euros, sterling pounds or US dollars for a maximum amount of EUR 400 million ("Total Facility B Commitments"). Both tranches have a maturity date in 2023, which can be extended for two periods of an additional 12 months each if agreed between the parties. The first option to extend is on the first anniversary of the financing agreement and the second option is on the second anniversary of the financing agreement so long as the first option to extend was executed.

On 9 July 2018, the Parent entered into a note purchase agreement with two American institutional investors. This agreement provides for the issue of debt totalling EUR 230 million maturing in 2025 and 2028 and amounting to EUR 150 and EUR 80 million, respectively. The blended fixed annual interest rate of the two debt maturities is 2.0%.

Both the syndicated bank loan facility and the note purchase agreement are subject to the achievement of certain financial ratios. The principal ratio is the financial leverage ratio, defined as "consolidated net financial debt to consolidated EBITDA LTM (last twelve months)", that must not exceed 4 times. This condition is unchanged from the previous syndicated loan facility.

As at the date of authorisation for issue of these explanatory notes, the Group has repaid the previous syndicated loan (see Note 11-a), has drawn down EUR 200 million and EUR 180 million of the two tranches of the new Facility Agreement described above, and has obtained financing amounting to EUR 230 million through the note purchase agreement described above.

12. Financial risks and derivative financial instruments

In the first half of 2018 and at 30 June 2018, the Applus Group did not have any derivative financial instrument.

The financial risks to which the Group is exposed are the same as those indicated in Note 16 to the consolidated financial statements for 2017.

13. Operating Income and expenses

a) Staff costs

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

	Thousands of euros	
	30/06/2018	30/06/2017
Wages, salaries and similar expenses	352,400	338,871
Severances	3,373	1,621
Employee benefit costs	53,732	50,656
Other staff costs	37,023	38,604
Total	**446,528**	**429,752**

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

	Average number of employees		
	First half of 2018		
Professional category	Men	Women	Total
Top management	164	25	189
Middle management	444	127	571
Supervisors	1,078	229	1,307
Operational employees and others	15,328	3,467	18,795
Total	**17,014**	**3,848**	**20,862**

	Average number of employees		
	First half of 2017		
Professional category	Men	Women	Total
Top management	137	21	158
Middle management	352	81	433
Supervisors	1,097	215	1,312
Operational employees and others	13,555	3,155	16,710
Total	**15,141**	**3,472**	**18,613**

Also, the workforce at the end of the first half of 2018 and 2017, by category and gender, is as follows:

Professional category	Number of employees end of period 30/06/2018		
	Men	Women	Total
Top management	165	24	189
Middle management	445	126	571
Supervisors	1,088	233	1,321
Operational employees and others	15,908	3,664	19,572
Total	**17,606**	**4,047**	**21,653**

Professional category	Number of employees end of period 30/06/2017		
	Men	Women	Total
Top management	143	20	163
Middle management	343	83	426
Supervisors	1,081	211	1,292
Operational employees and others	13,781	3,144	16,925
Total	**15,348**	**3,458**	**18,806**

b) *Financial result*

The detail, by nature, of the financial result in the first half of 2018 and 2017 is as follows:

	Thousands of euros	
	30/06/2018	30/06/2017
Finance income:		
Other finance income with third parties	1,244	714
Total finance income	**1,244**	**714**
Finance costs:		
Borrowing costs relating to syndicated loan (Note 11)	(6,451)	(8,586)
Other finance costs paid to third parties	(2,860)	(2,166)
Exchange differences	(1,234)	(2,262)
Total finance costs	**(10,545)**	**(13,014)**
Financial result	**(9,301)**	**(12,300)**

14. Corporate income tax

14.1 Deferred tax assets

The detail of "Deferred Tax Assets" recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of euros	
	30/06/2018	31/12/2017
Tax credit for tax loss carryforwards	39,978	40,708
Withholdings taxes and other unused tax credits	14,650	12,634
Temporary differences	15,409	18,591
Total deferred tax assets	**70,037**	**71,933**

14.2 Deferred tax liabilities

"Deferred Tax Liabilities" of the accompanying interim condensed consolidated statement of financial position at 30 June 2018 and at 31 December 2017 includes mainly the following:

	Thousands of euros	
	30/06/2018	31/12/2017
Temporary differences associated with:		
recognition at fair value of the identifiable assets in acquisitions of business combinations	120,183	127,195
depreciation and amortisation and measurement of assets and goodwill	17,163	16,629
the impact of Royal Decree-Law 3/2016	6,750	6,750
amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	5,151	4,814
other deferred tax liabilities	6,605	6,604
Total deferred tax liabilities	**155,852**	**161,992**

14.3 Years open for review and tax audits

The Spanish companies have 2012 and subsequent years for Corporate Income Tax and 2014 and subsequent years for all the other taxes open for potential review by the tax authorities. The foreign companies have the last few years open for potential review in accordance with the legislation in force in each of their respective countries and all the inspections in course. The Parent's directors do not expect any additional material liabilities to arise in the event of a tax audit.

The main inspection procedures and tax risks to which the Group is exposed are disclosed in Note 20-f to the consolidated financial statements for 2017. There are no significant developments in the first half of 2018 with respect to the main inspection procedures in progress and the Parent's directors do not expect any additional material liabilities.

15. Segmented information

a) Financial information by business segment

During the first semester of 2018, the Group operates through four operating divisions and a holding division, each of which is considered a segment for financial reporting purposes.

The financial information, by segment, in the interim condensed consolidated statement of profit or loss in the first half of 2018 and 2017 is as follows (in thousands of euros):

First half of 2018

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	481,916	34,620	191,107	105,111	16	812,770
Operating expenses	(449,271)	(30,583)	(145,316)	(91,476)	(13,834)	(730,480)
Adjusted operating profit	**32,645**	**4,037**	**45,791**	**13,635**	**(13,818)**	**82,290**
Amortisation charge of intangible assets from business combinations	(8,488)	(713)	(19,291)	(1,080)	-	(29,572)
Other results						(1,112)
Operating profit						**51,606**

First half of 2017

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	509,741	31,014	152,913	95,541	49	789,258
Operating expenses	(475,035)	(27,569)	(119,613)	(83,106)	(12,925)	(718,248)
Adjusted operating profit	**34,706**	**3,445**	**33,300**	**12,435**	**(12,876)**	**71,010**
Amortisation charge of intangible assets from business combinations	(10,506)	(713)	(11,545)	(1,080)	-	(23,844)
Remuneration plans						(3,692)
Other results						(1,874)
Operating profit						**41,600**

The Adjusted Operating Profit is the operating profit before the amortisation charge of the intangible assets allocated in the business combinations and the impairment and gains or losses on disposal of non-current assets and other results.

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

The non-current assets and liabilities, by business segment, at 30 June 2018 and at the end of 2017 are as follows (in thousands of euros):

30 June 2018

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	253,981	57,491	208,412	59,673	1,260	**580,817**
Other intangible assets	208,869	21,232	280,973	35,947	2,272	**549,293**
Tangible assets	77,540	13,091	88,577	28,689	2,964	**210,861**
Non-current financial assets	7,685	443	2,019	1,513	219	**11,879**
Deferred tax assets	27,854	839	6,283	1,143	33,918	**70,037**
Total non-current assets	**575,929**	**93,096**	**586,264**	**126,965**	**40,633**	**1,422,887**
Total liabilities	**240,699**	**30,126**	**200,236**	**75,028**	**674,582**	**1,220,671**

31 December 2017

	Applus+ Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Others	Total
Goodwill	252,618	37,999	206,755	56,229	1,260	**554,861**
Other intangible assets	218,081	21,819	302,442	37,223	2,332	**581,897**
Property, plant and equipment	75,733	12,426	90,382	28,552	3,303	**210,396**
Non-current financial assets	8,707	424	1,811	645	210	**11,797**
Deferred tax assets	24,336	852	6,646	1,306	38,793	**71,933**
Total non-current assets	**579,475**	**73,520**	**608,036**	**123,955**	**45,898**	**1,430,884**
Total liabilities	**246,329**	**29,956**	**206,178**	**86,236**	**640,393**	**1,209,092**

The bank borrowings were allocated to the "Others" segment as it is the holding companies that have bank borrowings (see Note 11).

The additions to intangible assets and property, plant and equipment in the first half of 2018 and 2017 are as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Capex first half of 2018	10,305	1,515	3,218	3,286	162	**18,486**
Capex first half of 2017	9,927	1,562	3,396	5,121	587	**20,593**

b) *Financial Information by geographic segment*

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

The sales in the first half of 2018 and 2017, by geographical area, are as follows:

	Thousands of euros	
	30/06/2018	30/06/2017
Spain	182,500	153,496
Rest of Europe	224,412	222,937
United States and Canada	147,415	155,960
Asia and Pacific	93,178	89,804
Middle East and Africa	84,332	94,281
Latin America	80,933	72,780
Total	**812,770**	**789,258**

The non-current assets, by geographical area, at 30 June 2018 and 31 December 2017, are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Middle East and Africa	Asia Pacific	Latin America	Total
30 June 2018	746,522	286,692	235,818	73,317	72,505	8,033	**1,422,887**
31 December 2017	743,368	295,755	234,488	74,283	75,135	7,855	**1,430,884**

16. Non-current provisions, obligations acquired and contingencies

a) *Non-current provisions*

The main items included in this heading are disclosed in Note 17 to the consolidated financial statements for 2017.

In the first half of 2018 there have not been any significant changes with respect to the consolidated financial statements at 31 December 2017 except for the increases due to the changes in the scope of consolidation detailed in Note 3-c mainly.

The recognised provisions 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 Committee and by the Committee of the subsidiaries, with the assistance of their advisors, considering the specific circumstances of each case.

b) *Guarantees and obligations acquired*

The main guarantees which the Group have provided are disclosed in Note 27-a to the consolidated financial statements for 2017.

In the first half of 2018 there have not been any significant changes in the guarantees provided with respect to the consolidated financial statements for 2017.

The Parent's Directors do not expect any material liabilities additional to those recognized in the accompanying interim condensed consolidated statement of financial position at 30 June 2018 to arise as a result of the transactions described in Note 27-a to the consolidated financial statements for 2017.

c) Contingencies

Note 27-b to the consolidated financial statements for 2017 includes details on the main contingencies the Group may face.

No new event has been occurred during the first semester of 2018.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position at 30 June 2018 to arise as a result of the transactions described in the Note 27-b.

17. 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 parties are performed at arm's length and under market conditions and are broken down as follows:

Transactions with related parties

In the first half of 2018 the Parent and its subsidiaries performed no transactions with related parties.

In the first half of 2017 the Parent and its subsidiaries performed the following transactions with related parties:

	Thousands of euros		
	First half of 2017		
	Revenues	Procurements	Other expenses
Velosi LLC	395	(385)	(34)
Velosi (B) Sdn Bhd	33	-	-
Total	**428**	**(385)**	**(34)**

The transactions with related parties refer to commercial transactions.

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

During the first semester of 2018 and 2017 there have not been any transactions nor are there any significant amounts outstanding with significant shareholders.

Balances with related companies

a) Receivables from related companies:

	Thousands of euros	
	Trade receivables from related parties	
	30/06/2018	31/12/2017
Velosi LLC	-	3,654
Velosi (B) Sdn Bhd	79	308
Oman Inspection and Certification Services, LLC.	-	7
Total	**79**	**3,969**

b) Payables to related companies:

	Thousands of euros	
	Trade and other payables to related parties	
	30/06/2018	31/12/2017
Velosi LLC	-	16
Velosi (B) Sdn Bhd	3	5
Oman Inspection and Certification Services, LLC.	-	500
Total	**3**	**521**

18. Disclosures on the Board of Directors and Senior Executive

Remuneration of and obligations to the Board of Directors

The detail, by item, of the remuneration received by the executive director and the Parent's Directors is disclosed in Note 29 to the consolidated financial statements for 2017. The detail of the remuneration earned by the Executive Director and the Parent's Directors at 2018 and 2017 year-end is as follows:

a) Biannual remuneration:

	Thousands of Euros					
	30/06/2018			30/06/2017		
	Executive Director	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	375	-	375	325	-	325
Variable remuneration	188	-	188	163	-	163
Other items	36	-	36	20	-	20
Non Executive Chairman and Independent Directors	-	305	305	-	280	280
Corporate Social Security Committee	-	25	25	-	25	25
Appointments & Compensation Committee	-	35	35	-	35	35
Audit Committee	-	35	35	-	35	35
Total	**599**	**400**	**999**	**508**	**375**	**883**

During the first half of 2018, the Executive Director and the members of the Board of Directors did not earn or receive any termination benefits or pension plan contributions.

b) Long-term incentive ("LTI"):

On 22 June 2016 the Parent's General Meeting approved a long-term incentive plan ("LTI") whereby the Executive Director will receive annually 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 for the first incentive. 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.

Executive Director	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	**Total**
Long Term incentive (PSUs):							
Number of PSUs delivered	44,931	36,449	39,805				**121,185**
PSU delivery date	July 16	February 17	February 18				
Share value on PSU delivery date (euros)	8.68	10.70	11.31				
Date of conversion into shares				February 19	February 20	February 21	
Number of PSUs convertible into shares				44,931	36,449	39,805	**121,185**

Impact on profit or loss	2016	2017	2018	2019	2020	**Total**
Vesting period months	12 months	12 months	12 months	12 months	12 months	
Impact on profit or loss (thousands of euros)	130	260	410	280	**150**	**1,230**

At 30 June 2018, 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 30 June 2018 and at 31 December 2017 is made up of 8 men and 1 woman.

Remuneration of and obligations to Senior Executives

The breakdown, by item, of the remuneration earned in the first half of 2018 and 2017 by the Group's management is as follows:

a) Remuneration for the mid-year:

	Thousands of Euros	
	30/06/2018	30/06/2017
Fixed remuneration	1,661	1,708
Variable remuneration	569	562
Other items	350	274
Termination benefits	378	-
Pension plans	43	47
Total	**3,001**	**2,591**

In addition to the variable remuneration of EUR 569 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 30 June 2018, three plans had been approved and ratified, as follows:

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

On 22 February 2017, the delivery to additional to Senior Executives of 85 thousand RSUs was approved and ratified. The related shares will be delivered in March 2018 (30%), March 2019 (30%) and March 2020 (40%). The aforementioned plan was awarded to management personnel in accordance with the new organisational structure.

On 20 February 2018, the delivery to additional to Senior Executives of 77 thousand RSUs was approved and ratified. The related shares will be delivered in March 2019 (30%), March 2020 (30%) and March 2021 (40%). The aforementioned plan was awarded to management personnel in accordance with the new organisational structure.

The plan approved on 2015 was completed once the last delivery of RSUs in March, 9, 2018.**Senior Executives**	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	**Total**
Long-term incentive (RSUs) Number of RSUs delivered RSU delivery date Share value at RSU delivery date	67,220 March 15 10.18	106,594 March 16 7.13	85,350 March 17 10,70	77,198 March 18 11,31				**336,362**
Date of conversion into shares		March 16	March 17	March 18	March 19	March 20	March 21	
Number of RSUs convertible into shares		20,166	52,144	84,471	91,402	57,300	30,879	**336,362**
Number of RSUs delivered (net of withholding tax)		10,886	39,834	56,558				**108,810**

Impact on profit or loss	2015	2016	2017	2018	2019	2020	2021	**Total**
Vesting period (months)	10 months	12 months	12 months	12 months	12 months	12 months	2 months	
Impact on profit or loss (thousands of euros)	171	395	842	916	676	395	58	**3,453**

Based on the vesting schedule, Group Senior Executives received 56,558 shares in March 2018 (39,834 shares in March 2017). These 56,558 shares are the result of applying the withholding tax corresponding to the amount agreed with each executive.

b) Multiannual remuneration and long-term incentive:

On 21 July 2016, the Board of Directors resolved to replace the Multiannual Incentive (in place until this date) 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 for the first incentive. 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	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	**Total**
RSUs + PSUs-settled long-term incentive Number of RSUs + PSUs delivered RSU + PSU delivery date Share value at RSU + PSU delivery date (euros)	83,794 October 16 8.68	67,975 February 17 10.70	64,337 February 18 11.31				**216,106**
Date of conversion into shares				February 19	February 20	February 21	
Number of RSU´s + PSUs convertible into shares				83,794	67,975	64,337	**216,106**

Impact on profit or loss	2016	2017	2018	2019	2020	**Total**
Vesting period (months)	12 months	12 months	12 months	12 months	12 months	
Impact on profit or loss (thousands of euros)	242	485	727	485	242	**2,181**

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 30 June 2018 and 31 December 2017 the Group's Senior Executive was composed of 15 men and 3 women.

19. Events after the reporting period

After 30 June 2018 and until the date of authorisation for issue of these consolidated financial statements, no relevant events took place additionally to those already described and 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 finished on 30 June 2018.

20. Explanation added for translation to English

These notes to the Interim Condensed Consolidated Financial Statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2-a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

Applus Services, S.A.
and Subsidiaries

Management Report to the Interim Condensed Consolidated Financial Statements for the first half of 2018

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 showing the effect of those adjustments.

	H1 2018			H1 2017			
EUR Million	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**	**Other results**	**Statutory results**	**+/- % Adj. Results**
Revenue	**812.8**		**812.8**	**789.3**	**-**	**789.3**	**3.0%**
Ebitda	**106.9**	**-**	**106.9**	**93.9**	**(3.7)**	**90.2**	**13.9%**
Operating Profit	**82.3**	**(30.7)**	**51.6**	**71.0**	**(29.4)**	**41.6**	**15.9%**
Net financial expenses	(9.3)		(9.3)	(12.3)	0.0	(12.3)	
Share of profit of associates	0.0		0.0	0.5	0.0	0.5	
Profit Before Taxes	**73.0**	**(30.7)**	**42.3**	**59.2**	**(29.4)**	**29.8**	**23.3%**
Income tax	(18.4)	7.0	(11.5)	(14.2)	5.5	(8.7)	
Non controlling interests	(8.6)		(8.6)	(4.8)	0.0	(4.8)	
Net Profit	**45.9**	**(23.7)**	**22.2**	**40.2**	**(23.9)**	**16.3**	**14.2%**
Number of Shares	143,018,430		143,018,430	130,016,755		130,016,755	
EPS, in Euros	**0.321**		**0.155**	**0.309**		**0.125**	**3.8%**
Income Tax/PBT	***(25.3)%***		***(27.1)%***	***(24.0)%***		***(29.2)%***	

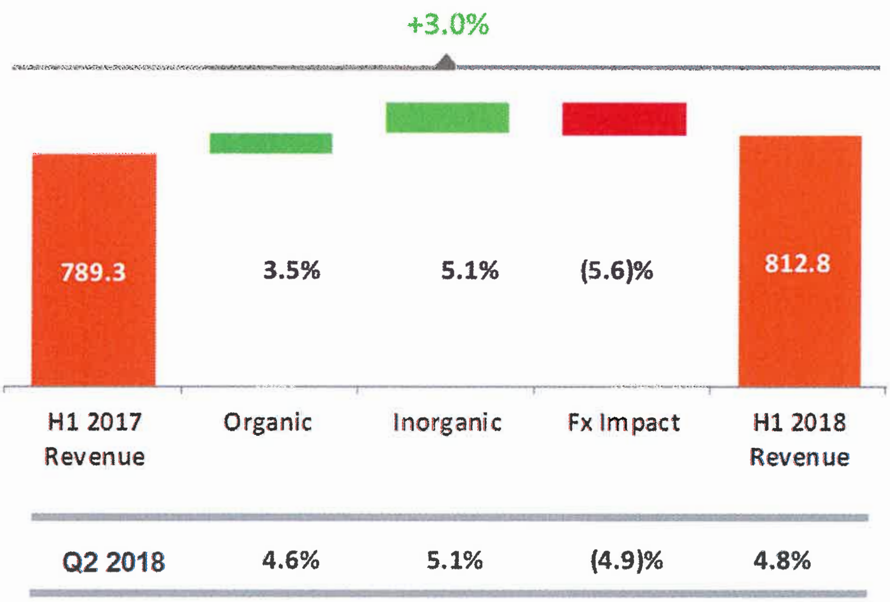
The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €30.7 million (H1 2017: €29.4m) in the Operating Profit represent amortisation of acquisition intangibles of €29.6 million (H1 2017: €23.8m) plus €1.1 million of transaction costs and other items (H1 2017 €0.4m). In the prior first half period, there was also a charge of €3.7 million relating to the historical management incentive plan as disclosed at the IPO and severances of €1.5 million. Tax of €7.0 million (H1 2017 €5.5m) relates to the tax impact on these Other results.

Revenue

Revenue increased by 3.0% to €812.8 million in the six month period ended 30 June 2018 compared to the same period in the prior year.

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



The total revenue increase of 3.0% for the period was made up of an increase in organic revenue of 3.5%, the benefit of acquisitions made in the last twelve months of 5.1% reduced by an unfavourable currency translation impact of 5.6%.

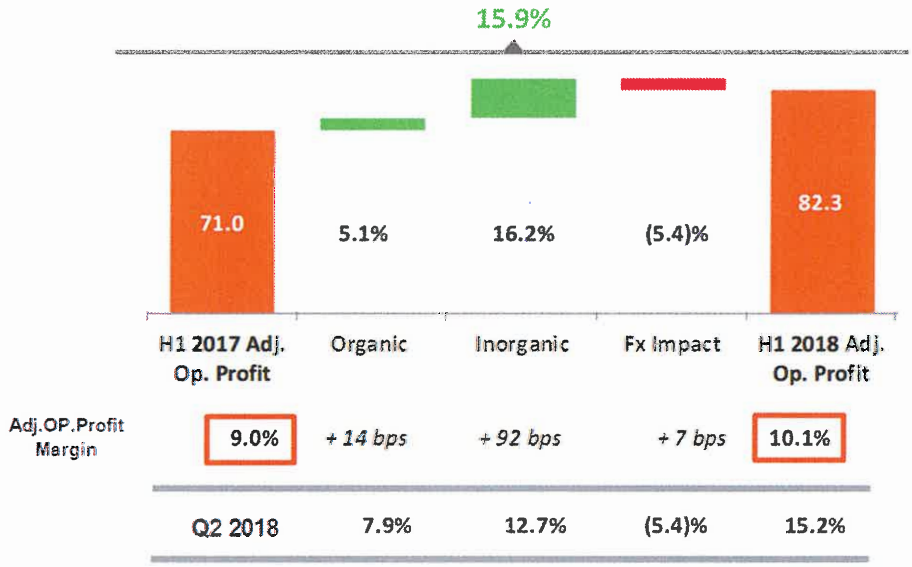
The organic revenue in the second quarter grew by 4.6% which was an acceleration on the first quarter and the strongest quarterly organic revenue growth for over four years. The revenue benefit from acquisitions in the quarter at 5.1% was the same level as for the first quarter but the unfavourable currency translation impact at 4.9% was less than in the first quarter.

For the first half of 2018, 48% of the revenue was generated in the reporting currency of the Group which is the euro and 52% in other currencies of which the US dollar and other currencies linked the US dollar are the largest at 24%. The average exchange rate of the US dollar to the euro in the first half of 2018 compared to the first half of 2017 has weakened by almost 11% and some of the other key currencies have also weakened against the euro resulting in a significant currency translation impact on the revenue of the Group. At current exchange rates, we expect the impact for the rest of the year to be lower.

Adjusted Operating Profit

Adjusted operating profit increased by 15.9% to €82.3 million in the six month period ended 30 June 2018 compared to the same period in the prior year.

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



The adjusted operating profit increase of 15.9% for the period was made up of an increase in organic of 5.1% the benefit of acquisitions made in the last twelve months of 16.2% reduced by an unfavourable currency translation impact of 5.4%. The impact on the adjusted operating profit due to currency weakness is as explained for revenue above.

The resulting adjusted operating profit margin was higher than for the first half of 2017 by 113 basis points contributed by the organic, inorganic and currency impact with the benefit from the acquisitions being the most significant.

Other Financial Indicators

The statutory operating profit was 24.0% higher at €51.6 million in the half year.

The net financial expense reduced in the period from €12.3 million in the first half of 2017 to €9.3 million this half mainly due to the lower amount of debt in the period compared to the prior year.

The effective tax charge for the first half at €18.4 million was higher than the prior year first half of €14.2 million due to the increased profit before tax. This gave an effective tax rate of 25.3% compared to 24.0% in the prior period. The reported tax charge was €11.5 million (H1 2017: €8.7m) and this rate on the reported profit before tax was 27.1% (H1 2017: 29.2%).

Non-controlling interests increased in the half year from €4.8 million in the first half of last year to €8.6 million in the first half of 2018. The increase of €3.8 million is mostly due to the inclusion of profit due to the minority interests of Inversiones Finisterre following that acquisition in the last quarter of 2017 but also includes profit growth from other non-wholly owned subsidiary investments. This increase in the non-controlling interest charge is expected to continue for the rest of the year.

The adjusted net profit increased by €5.7 million or 14.2% to €45.9 million in the six month period ended 30 June 2018 compared to the same period in the prior year. The corresponding adjusted earnings per share increased by 3.8%, less than the increase in the adjusted net profit due to the increase in the number of shares in the first half of 2018 compared to the prior year.

Cash Flow

Net capital expenditure for the period relating to expansion of existing and into new facilities was €18.5 million (H1 2017: €12.8m). In the first half of 2018, this capital expenditure included the cost of acquiring new automotive stations of €1.6 million (H1 2017: €1.7 million). In the first half of 2017 there were also proceeds from the disposals of old automotive stations of €7.8m. Excluding the net cost and proceeds of automotive stations, the operational capital expenditure was €16.9 million (H1 2017 €18.9 million) and this represented 2.1% (H1 2017: 2.4%) of Group revenue.

Adjusted operating cash flow (after capital expenditure) of €47.3 million was higher than for the same period last year when it was €43.0 million. After tax and interest paid, the adjusted free cash flow was €33.0 million which was higher than last year when it was €24.2 million. The main reason for the higher cash flow this half was due to the increased earnings before interest, tax, depreciation and amortisation (EBITDA).

Debt and Refinancing

The group refinanced the senior debt facilities in July. The old debt of €750 million with a maturity date of June 2020 was refinanced early to take advantage of favourable markets including historically low long term euro interest rates and to improve the sources of finance. The new facility consists of senior bank debt and private placement debt. The senior bank debt, from nine international banks, is a multi-currency facility of €600 million in total made up of a five year term facility of €200 million and a five year revolving credit facility of €400 million. The interest cost on this debt when drawn is Euribor or the equivalent plus a margin which at the current level of leverage is 1.1%. These can be extended for two years in annual increments at the end of the first and second years. Furthermore, the share pledge security on the old bank debt has been released.

The private placement debt is from two well recognised US Private Placement lenders, Pricoa and MetLife. It is a 7 year €150 million bullet facility and a 10 year €80 million bullet facility. The blended annual interest cost on these two tranches of private placement is a fixed rate of 2.0%.

The financial covenants on the two sources of debt are the same with the principal one being a leverage covenant of Net debt to EBITDA not to exceed 4.0x and tested every six months. This is the same limit as was the case on the old bank debt. The financial leverage of the group at the end of the period was 2.4x which is the same as it was at the end of 2017.

The total up-front bank fees including the legal and advisory was close to €5 million which will be amortised over the term of the loans. A write off in the second half of 2018 of the unamortised portion of up-front fees of the old debt will be around €4 million and will be booked as Other costs.

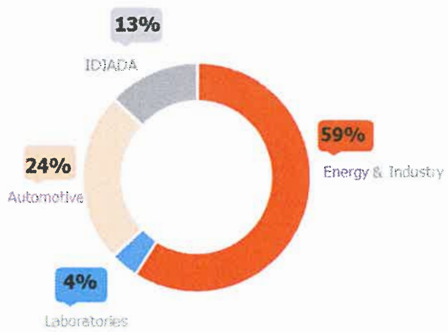
The refinancing has diversified the sources of finance allowing the group to tap the fixed rate US Private Placement market for future financing needs. It has also extended and spread the maturity dates reducing the annual refinancing risk.

Outlook

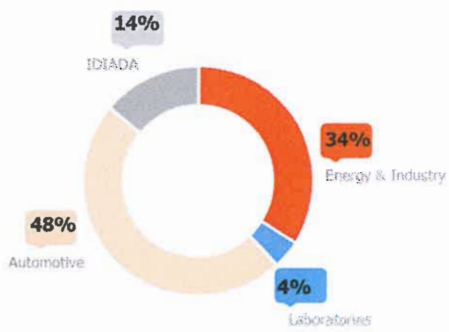
The oil and gas business is expected to continue improving and the other business lines are expected to also continue with their positive trend leading to mid-single digit organic revenue growth at constant exchange rates. Including the benefit of the acquisitions, the revenue growth is expected to be around high single digits at constant exchange rates. Given performance to date and outlook, we are adjusted operating profit margin outlook is upgraded to be an increase of between 100 and 120 basis points from the previous guidance of 70 to 100 basis points.

Operating review by division

H1 2018 revenue split



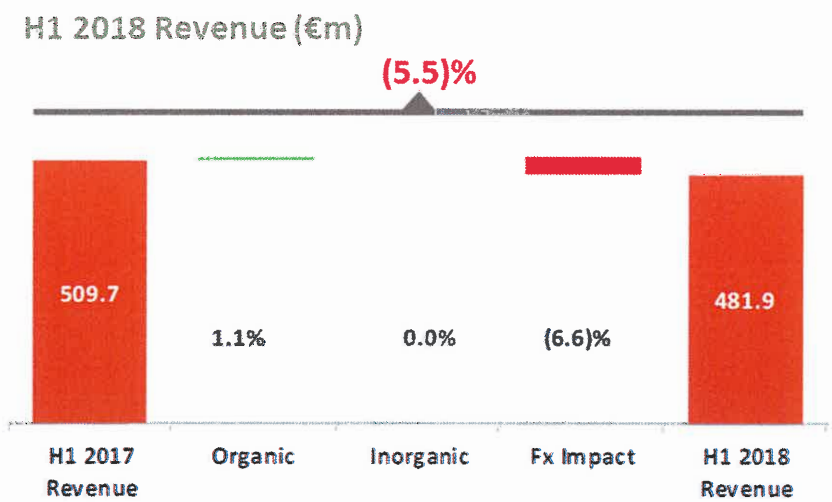
H1 2018 adjusted operating profit split



Energy & Industry Division

The Energy & Industry Division is a leading global provider of non-destructive testing, inspection, quality assurance and quality control, project management, vendor surveillance, certification, asset integrity services and technical staffing services. The teams are made up of engineers and technicians with specialist skills focused on assisting companies to develop and control industry processes, protect assets and infrastructure and increase operational and environmental safety. They provide services for different industries such as oil & gas, power, construction, mining, aerospace and telecommunications.

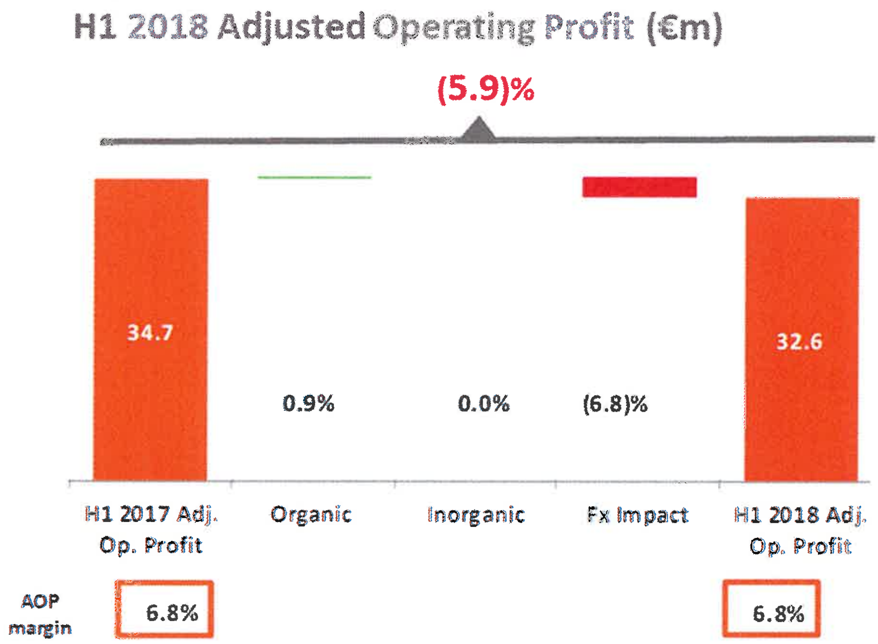
The revenue in the division declined by 5.5% to €481.9 million in the period.



At constant exchange rates, organic revenue increased by 1.1% for the period of which 2.1% was in Q2 following a decline of 0.2% in Q1.

There was a significant negative foreign exchange translation impact on revenue of 6.6% mainly due to the US, Canadian and Australian dollars and other currencies that this division operates in, being significantly weaker against the euro in the first half of 2018 compared to the first half of 2017. The currency impact was slightly less in the second quarter than the first.

The adjusted operating profit in the division declined by 5.9% to €32.6 million in the period.



The adjusted operating profit margin remained stable at 6.8%. The largest end market for the division of oil and gas remains competitive with significant pricing pressure.

Underlying revenue at constant exchange rates were up slightly on the same period last year reflecting an improved environment for services to the oil and gas end market. Oil & Gas, which for the period accounted for below 60% of the revenue of the division, was flat in the first half but with positive growth in the second quarter after a decline in the first quarter. The improvement in the segment results was driven by a more favourable market for oil and gas services although it remains challenging with continued price pressure.

Other end markets including power, construction, aerospace and telecom, performed well benefiting from regional cross-selling.

North America which accounted for 25% of the division by revenue in the period and is mainly exposed to the oil and gas sector had a recovery in oil and gas. This was driven by non-destructive testing and inspection services for the many small new construction pipelines in shale regions being built and non-destructive testing for large transmission pipelines as well as a good season for facility shutdown/turnarounds in Canada.

Latin America, which accounted for 10% of the division by revenue had good growth at constant exchange rates with a significant performance improvement in countries such as Colombia, Mexico, Brazil and Panama.

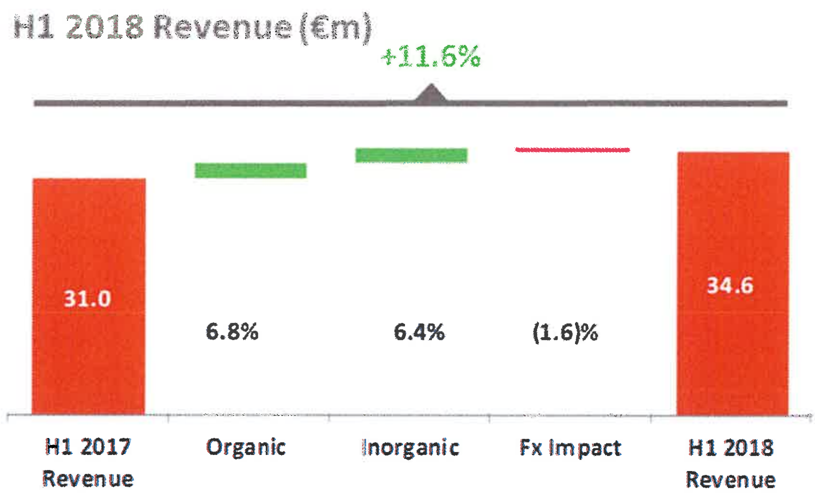
In Northern Europe which accounted for 19% of the division by revenue, and where a high proportion of the revenue comes from recurring operational expenditure exposed work to the downstream industries, organic revenue was down mid single digits at constant exchange rates due to fewer large international projects managed out of the region and a competitive opex market in Europe. The North Sea market that we manage from Norway returned to growth due to an increase in capex investment by the oil companies.

In Southern Europe, Africa, Middle East, Asia & Pacific which is the largest of the four regions by revenue accounting for approximately 46% of the division of which the largest part are services to other end markets such as Power, Construction and Telecom infrastructure had mixed results with Spain, Middle East and Oceania growing well in all end markets and offsetting the continued decline in Africa and South East Asia from lack of investment in existing and for new projects in the oil and gas sector. The large new 7 year opex contract signed with Shell in Australia is performing very well.

Laboratories Division

The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The division operates a network of multidisciplinary laboratories in Europe, Asia and North America. With its cutting-edge facilities and technical expertise, the services bring high added value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction. In the last twelve months, the Laboratories Division has acquired five companies and expanded some testing facilities in order to reinforce its position in the automotive components, fire protection, and calibration sectors.

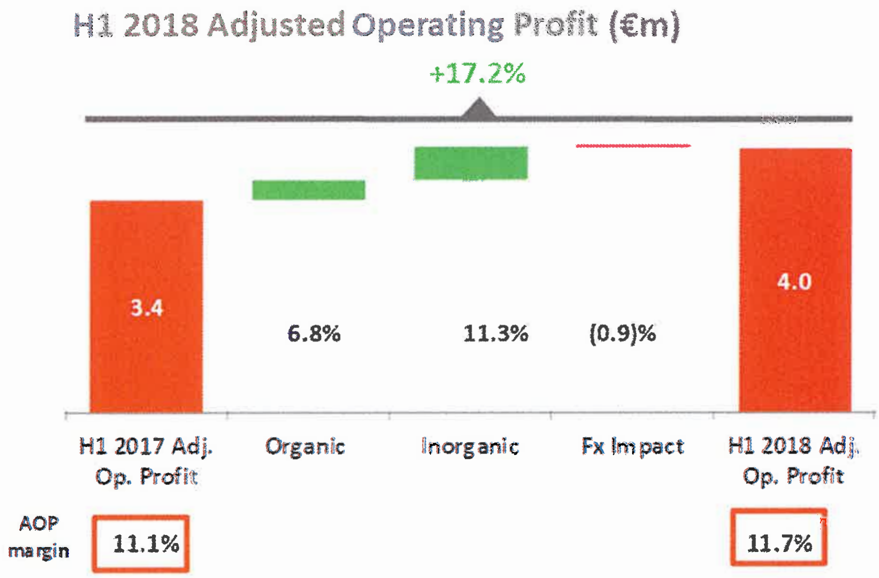
The revenue in the division increased by 11.6% to €34.6 million in the period.



At constant exchange rates, the division had organic revenue growth of 6.8% for the period, revenue relating to acquisitions of 6.4% less an unfavourable currency translation impact of 1.6%. The organic revenue growth in the second quarter at 8.1% was higher than the 5.3% growth in the first.

Inorganic revenue growth of 6.4% in the period came from the acquisitions made in the previous twelve months. There have been five in total including one in the second quarter of this year of DatapointLabs in New York state that has annual revenue of US$4 million. The performance of these acquisitions have overall been above expectations. In total, acquisitions with annual revenue of €12 million has been purchased in 2017 and 2018.

The adjusted operating profit increased by 17.2% to €4.0 million in the half year resulting in an increase in margin of 60 bps to 11.7%.



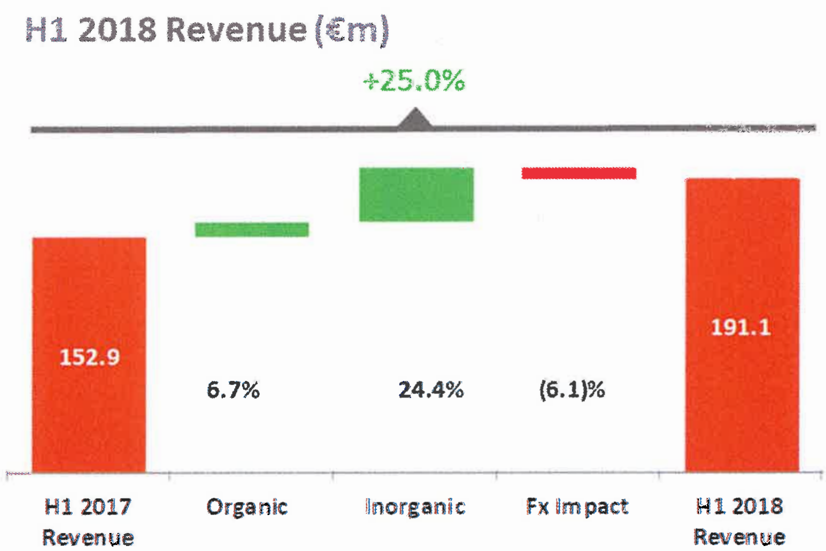
The division had strong performance across all the business lines including fire and structural testing for building materials, electrical and electro-magnetic compatibility testing for the electronics and automotive sector as well as services in metrology, system certification and electronic payment system protocol testing and approval.

The margin improvement came primarily from the contribution of the higher margin acquisitions.

Automotive Division

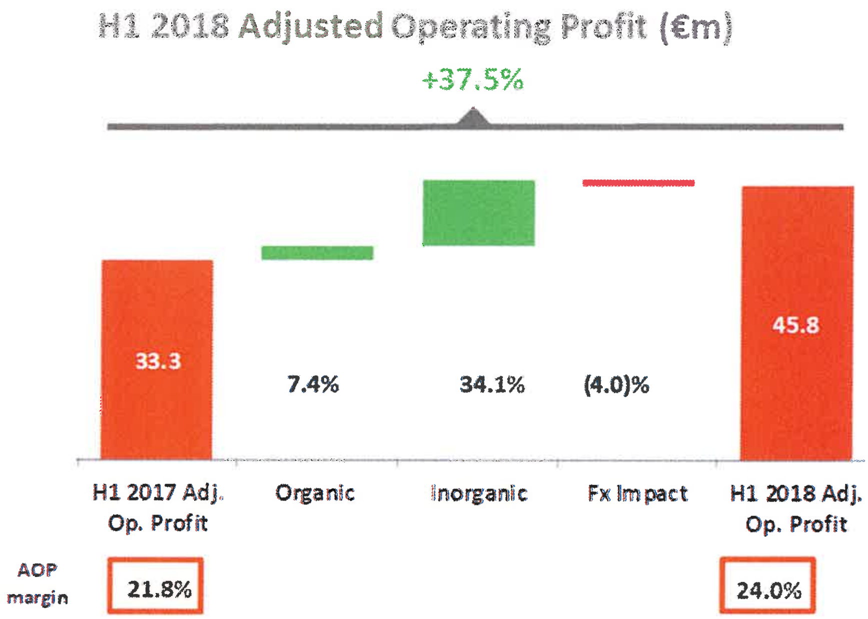
The Automotive Division is a leading provider of statutory vehicle inspection services globally. The division provides vehicle inspection and certification services across a number of jurisdictions where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. From the 28 programmes held by the Group, 15 million vehicle inspections were carried out in 2017 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile, Costa Rica and Andorra and programme managed a further 5 million inspections carried out by third parties.

The revenue in the division increased by 25.0% to €191.1 million in the period.



The division reported strong organic revenue growth which at constant exchange rates was 6.7% for the period and inorganic revenue of 24.4% came from the acquisition of Inversiones Finisterre in the fourth quarter of last year. There was a negative currency translation impact of 6.1% as a result of the significantly weaker Argentinian peso that was 34% weaker on average in the first half of 2018 versus the first half of 2017.

The adjusted operating profit increased by 37.5% to €45.8 million in the half year resulting in an increase in margin of 220 bps to 24.0%.



The division had strong organic and reported revenue and profit growth and an excellent performance from Inversiones Finisterre that also had high organic revenue and profit growth. The significant increase of 220 basis points in the margin was mainly due to the acquisition of Inversiones Finisterre but also contributed by organic margin improvement.

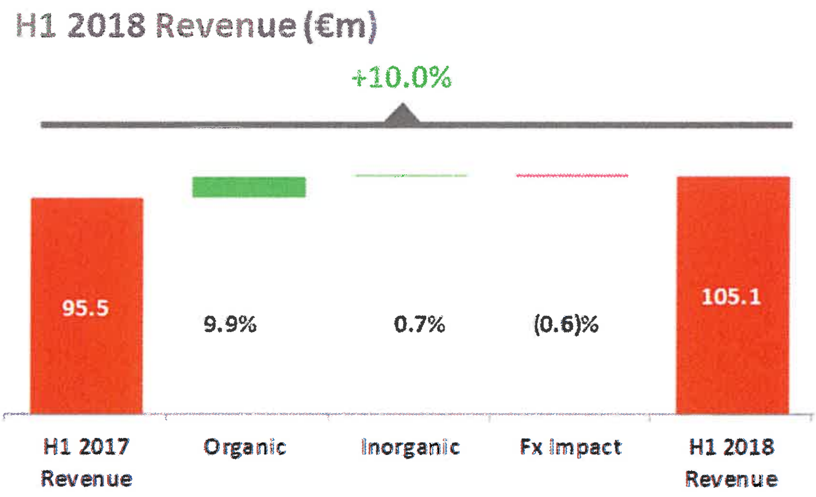
The programmes in Spain generated revenue growth in the mid single digits with all regions growing. The contract in Ireland returned to growth in the second quarter after a decrease in the first quarter due to the timing of Easter. In the Nordics, Denmark grew slightly but Finland continued to decrease with the restructuring of the business in the country due to take effect in the coming quarters. In the US there was good revenue growth largely due to the new Massachusetts programme taking full effect as well as the improvement of the Illinois contract that renewed at the end of 2016 at a lower price. In Latin America, the contracts in Argentina, Chile and Costa Rica all grew well.

The tender for the contract in Ireland that is due to end at the end of next year is expected to take place in the second half of this year. Two new contracts are due to start imminently in Uruguay and the city of Duran in Ecuador and a further two new contracts have been awarded in Ecuador and Georgia with total annual revenue of €2 million. The pipeline of opportunities continues to be good.

IDIADA Division

With over 25 years of experience, the IDIADA Division supports the world's leading vehicle manufacturers in their product development activities by providing design, engineering, testing and homologation services. The division´s 370-hectare main technical centre, located near Barcelona, includes the most comprehensive proving ground and laboratories for vehicle testing and development in Europe.

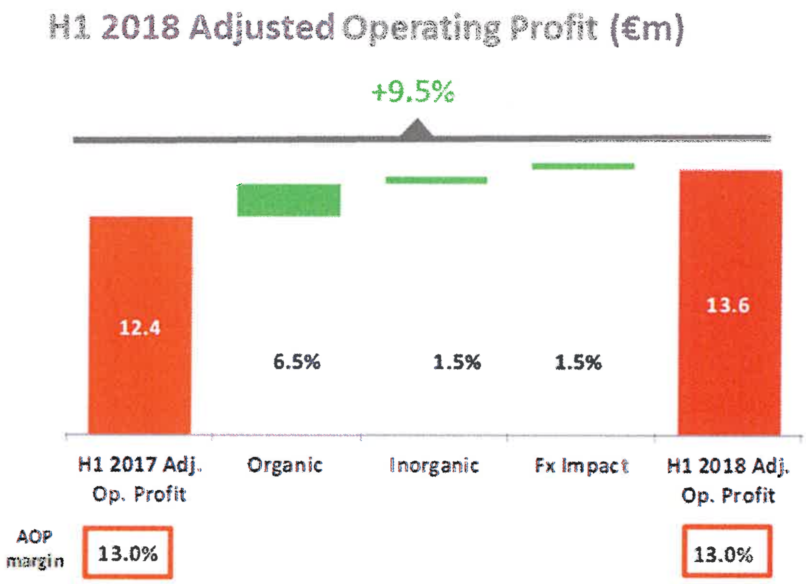
The revenue in the division increased by 10.0% to €105.1 million in the period.



At constant exchange rates, the division had organic revenue growth of 9.9% for the period, revenue relating to acquisitions of 0.7% less an unfavourable currency translation impact of 0.6%. The organic revenue growth in the second quarter at 8.1% was lower than the 11.8% growth in the first quarter reflecting the particularly tough comparable where the organic revenue growth was 15.4% in the second quarter of 2017.

Inorganic revenue in the period came from the acquisition made in May of this year of a small and complementary acquisition of 67% of the shares of a company in the US called Karco Engineering which is a crash testing laboratory based in California. It generates €4.2 million in annual revenue and this will support Applus+ to expand its services to the important US market.

The adjusted operating profit in the division increased by 9.5% to €13.6 million in the period resulting in a stable margin of 13.0%.



Excellent revenue and profit growth continues in this division with all business units performing well from the increasing industry spend on auto development and improvement and increasing the levels of outsourcing to independent testing companies.

Homologation for the new European emissions standard (WLTP) is growing strongly with extra capacity being added to the laboratories to meet the increasing demand.

Applus Services, S.A.
and Subsidiaries

Preparation of the Interim Condensed Consolidated Financial Statements and Management report for the six month period ended at 30 June 2018

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 20 July 2018, has drawn up the interim condensed consolidated financial statements (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) and the management report for the six month period ended at 30 June 2018, constituted by the documents annexed. All the Directors of the Company sign the above-mentioned documents by signing this sheet.

Barcelona, 20 July 2018

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 interim condensed consolidated financial statements and the consolidated management report for the six month period ended at 30 June 2018, as approved by the Board of Directors, are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.

The Directors of Applus Services, S.A. declare that, to the best of their knowledge, the interim condensed consolidated financial statements of Applus Services, S.A. and Subsidiaries (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) for the six month period ended at 30 June 2018, prepared by the Board of Directors at its meeting on 20 July 2018 in accordance with the accounting policies applicable present fairly the equity, financial position and results of Applus Services, S.A., and also for the Subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying the interim condensed consolidated financial statements of Applus Services, S.A and Subsidiaries includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and Subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face.

Barcelona, 20 July 2018

Mr. Christopher Cole
Chairman

Mr. Ernesto Gerardo Mata López
Director

Mr. John Daniel Hofmeister
Director

Mr. Fernando Basabe Armijo
Director

Mr. Richard Campbell Nelson
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