

**Applus Services, S.A.  
(formerly Applus  
Technologies  
Holding, S.L.) and  
Subsidiaries**

Consolidated Financial Statements for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and Consolidated Directors' Report, together with Auditors' 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 consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 33). In the event of a discrepancy, the Spanish-language version prevails.*



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

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## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Applus Services, S.A. (formerly Applus Technologies Holding, S.L.):

1. We have audited the consolidated financial statements of Applus Services, S.A. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 December 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. As indicated in Note 2-a to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.
2. In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Applus Services, S.A. and Subsidiaries at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.
3. Without qualifying our audit opinion, we draw attention to Notes 2-a.a and 32 to the accompanying consolidated financial statements, which indicate that the Parent's directors reformulated the consolidated financial statements on 22 April 2014 in order to include the proposal for the novation of the incentive plans that was signed with certain executives on 2 April 2014, after 4 March 2014, the date on which the consolidated financial statements were initially authorised for issue. Also, the directors considered it appropriate to include further disclosures relating to information available to them at the date of reformulation of the consolidated financial statements with regard to the revaluation of the provision for the executives' incentive plans, taking into account more up-to-date information regarding various market situations (see Note 29 to the accompanying consolidated financial statements), to the impairment test assumptions and sensitivity analysis (see Note 6 to the accompanying consolidated financial statements), to the contingencies arising from vehicle roadworthiness testing in Catalonia (see Note 27 to the accompanying consolidated financial statements) and to the relevant resolutions adopted by the Board of Directors and the shareholders up to the date of the reformulation (see Note 32 to the accompanying consolidated financial statements). In this connection, this auditors' report replaces the auditors' report that we issued on 4 March 2014 in relation to the consolidated financial statements of Applus Services, S.A. and Subsidiaries that were initially authorised for issue.



4. The accompanying consolidated directors' report for 2013 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

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

Ana María Gibert

22 April 2014



**APPLUS SERVICES, S.A. (formerly APPLUS TECHNOLOGIES HOLDING, S.L.)  
AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013**

(Thousands of Euros)

ASSETS	Notes	31/12/2013	31/12/2012	EQUITY AND LIABILITIES	Notes	31/12/2013	31/12/2012
<b>NON-CURRENT ASSETS:</b>				<b>EQUITY:</b>			
Goodwill	4	487.882	571.168	Share capital and reserves			
Other intangible assets	5	632.695	716.388	Share capital		654.731	600.825
Property, plant and equipment	7	189.450	196.566	Share premium		52.925	308.076
Non-current financial assets	8	13.831	13.163	Retained earnings and other reserves		(231.086)	(470.219)
Deferred tax assets	20.3	101.727	137.547	Foreign currency translation reserve		(17.944)	(9.032)
<b>Total non-current assets</b>		<b>1.425.585</b>	<b>1.634.832</b>	Loss for the year		(170.079)	(69.157)
				Valuation adjustments			
				Hedges		-	(4.882)
				<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>288.548</b>	<b>355.611</b>
				<b>NON-CONTROLLING INTERESTS</b>	13	<b>34.701</b>	<b>34.788</b>
				<b>Total equity</b>	12	<b>323.249</b>	<b>390.399</b>
				<b>PARTICIPATING LOAN:</b>	15	<b>-</b>	<b>92.448</b>
				<b>NON-CURRENT LIABILITIES:</b>			
				Long-term provisions	17 & 27	12.761	8.965
				Bank borrowings	14	1.070.676	1.080.580
				Other financial liabilities	15	29.400	28.030
				Deferred tax liabilities	20.4	220.464	241.335
				Other non-current liabilities	18	9.439	13.816
				<b>Total non-current liabilities</b>		<b>1.342.740</b>	<b>1.372.726</b>
<b>CURRENT ASSETS:</b>				<b>CURRENT LIABILITIES:</b>			
Inventories	9	7.266	7.898	Short-term provisions		1.288	2.139
Trade and other receivables				Bank borrowings	14	37.671	33.929
Trade and other receivables	10	355.695	335.543	Trade and other payables	19	289.541	247.518
Trade receivables from related companies	10 & 28	4.198	5.106	Income tax liabilities	20.2	18.787	19.573
Other receivables	10	27.945	26.770	Other current liabilities	18	10.604	11.123
Income tax assets	20.2	12.013	14.004	<b>Total current liabilities</b>		<b>357.891</b>	<b>314.282</b>
Other current assets		7.453	1.453	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2.023.880</b>	<b>2.169.855</b>
Current financial assets	11	2.848	2.823				
Cash and cash equivalents	11	180.877	141.426				
<b>Total current assets</b>		<b>598.295</b>	<b>535.023</b>				
<b>TOTAL ASSETS</b>		<b>2.023.880</b>	<b>2.169.855</b>				

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated balance statement for 2013.





**APPLUS SERVICES, S.A. (formerly APPLUS TECHNOLOGIES HOLDING, S.L.)  
AND SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENT FOR 2013**

(Thousands of Euros)

	Notes	2013	2012
<b>CONTINUING OPERATIONS:</b>			
Revenue	21.a	1.580.501	1.192.647
Procurements		(244.420)	(101.083)
<b>Gross profit</b>		<b>1.336.081</b>	<b>1.091.564</b>
Staff costs	21.b	(784.361)	(640.077)
Other operating expenses		(362.268)	(305.952)
<b>Operating Profit Before Depreciation, Amortization and Others</b>		<b>189.452</b>	<b>145.535</b>
Depreciation and amortisation charge	5 & 7	(97.623)	(79.173)
Impairment and gains or losses on disposal of non-current assets	23	(117.571)	(19.932)
Other losses	21	(17.024)	(15.502)
<b>OPERATING PROFIT:</b>		<b>(42.766)</b>	<b>30.928</b>
Net financial expense	22	(86.407)	(114.683)
Share of profit of companies accounted for using the equity method		2.493	-
<b>Loss before tax</b>		<b>(126.680)</b>	<b>(83.755)</b>
Income tax	20	(38.832)	17.512
<b>Net loss from continuing operations</b>		<b>(165.512)</b>	<b>(66.243)</b>
<b>LOSS FROM DISCONTINUED OPERATIONS NET OF TAX:</b>		-	-
<b>NET CONSOLIDATED LOSS:</b>		<b>(165.512)</b>	<b>(66.243)</b>
Profit attributable to non-controlling interests	13	4.567	2.914
<b>NET LOSS ATTRIBUTABLE TO THE PARENT:</b>		<b>(170.079)</b>	<b>(69.157)</b>
<b>Profit / (Loss) per share (in euros per share):</b>	12		
- Basic		(0,282)	(1,443)
- Diluted		(0,282)	(1,443)

The accompanying Notes 1 to 33 and Appendices I and II are an integral part  
of the consolidated income statement for 2013.



**APPLUS SERVICES, S.A. (formerly APPLUS TECHNOLOGIES HOLDING, S.L. )  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2013**

(Thousands of Euros)

	Notes	2013	2012
<b>NET CONSOLIDATED LOSS:</b>		<b>(165.512)</b>	<b>(66.243)</b>
<b>Other comprehensive income/loss, net of income tax</b>			
Exchange differences on translating foreign operations	12.d	(9.427)	(311)
Fair value gain on hedging instruments entered into for cash flow hedges	16	6.974	20.166
Income tax effect of other comprehensive income/loss	16	(2.092)	(6.049)
<b>TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR</b>		<b>(170.057)</b>	<b>(52.437)</b>
<b>Total comprehensive income/loss for the year attributable to:</b>			
- Owners of the company		(174.109)	(55.341)
- Non-controlling interests		4.052	2.904
<b>TOTAL COMPREHENSIVE INCOME/LOSS FOR THE YEAR</b>		<b>(170.057)</b>	<b>(52.437)</b>

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2013.



**APPLUS SERVICES, S.A. (formerly APPLUS TECHNOLOGIES HOLDING, S.L. )  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2013**  
(Thousands of Euros)

Notes 12 & 13	Share capital	Share premium	Retained earnings and other reserves	Valuation adjustments	Foreign currency translation reserve	Loss for the year attributable to the Parent	Non-controlling interests	Total equity
Balance at 31/12/2011	31.085	290.812	(222.484)	(18.999)	(8.731)	(94.510)	21.848	(979)
Changes in the scope of consolidation	238.765	7.235	(143.787)	-	-	-	14.472	116.685
Allocation of 2011 loss	-	-	(94.510)	-	-	94.510	-	-
Dividends paid	-	-	-	-	-	-	(4.000)	(4.000)
Capital increase (Note 12)	330.975	10.029	-	-	-	-	-	341.004
Other changes	-	-	(9.438)	-	-	-	(436)	(9.874)
2012 comprehensive income / (loss)	-	-	-	14.117	(301)	(69.157)	2.904	(52.437)
<b>Balance at 31/12/2012</b>	<b>600.825</b>	<b>308.076</b>	<b>(470.219)</b>	<b>(4.882)</b>	<b>(9.032)</b>	<b>(69.157)</b>	<b>34.788</b>	<b>390.399</b>
Changes in the scope of consolidation	-	-	(680)	-	-	-	(1.521)	(2.201)
Allocation of 2012 loss	-	-	(69.157)	-	-	69.157	-	-
Dividends paid	-	-	-	-	-	-	(2.548)	(2.548)
Offset of losses from prior years	-	(308.076)	308.076	-	-	-	-	-
Capital increase	53.906	52.926	-	-	-	-	-	106.832
Other changes	-	-	894	-	-	-	(70)	824
2013 comprehensive income / (loss)	-	-	-	4.882	(8.912)	(170.079)	4.052	(170.057)
<b>Balance 31/12/2013</b>	<b>654.731</b>	<b>52.926</b>	<b>(231.086)</b>	<b>-</b>	<b>(17.944)</b>	<b>(170.079)</b>	<b>34.701</b>	<b>323.249</b>

The accompanying Notes 1 to 33 and Appendix I and II are an integral part of the combined statement of changes in equity for 2013.



**APPLUS SERVICES, S.A. (formerly APPLUS TECHNOLOGIES HOLDING, S.L. )  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2013**

(Thousands of Euros)

	Notes	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Loss from operating activities before tax		(126.680)	(83.755)
<b>Adjustments of items that do not give rise to operating cash flows-</b>			
Depreciation and amortisation charge	5 & 7	97.823	79.173
Writedown of goodwill and impairment of intangible assets	6	119.167	18.101
Changes in provisions and allowances		-	916
Financial loss	22	88.407	114.683
Share of profit in associated companies	8	(2.493)	-
Gains or losses on disposals of property, plant and equipment	23	20	76
Gains or losses on disposals of intangible assets	23	(2)	839
<b>Profit from operations before changes in working capital (I)</b>		<b>174.042</b>	<b>130.033</b>
<b>Changes in working capital-</b>			
Changes in trade and other receivables		(21.814)	(10.056)
Changes in inventories		632	(2.493)
Changes in trade and other payables		24.389	21.748
<b>Cash generated by changes in working capital (II)</b>		<b>3.207</b>	<b>9.199</b>
Income tax		(22.451)	(6.465)
<b>Cash flows from income tax (III)</b>		<b>(22.451)</b>	<b>(6.465)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)</b>		<b>154.798</b>	<b>132.767</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Business combinations	2.b.e.1	854	28.867
Payments due to acquisition of subsidiaries and other non-current financial assets		(18.557)	(13.723)
Payments due to acquisition of one-off assets		(5.907)	(10.350)
Payments due to acquisition of intangible and tangible assets		(46.389)	(44.967)
<b>Net cash flows used in investing activities (B)</b>		<b>(69.999)</b>	<b>(40.173)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Interest received	22	1.065	2.072
Interest paid		(44.803)	(61.209)
Net Changes in non-current financing (charges and payments)		(3.676)	43.246
Net Changes in current financing (charges and payments)		4.814	(32.524)
Dividends paid by Group companies to non-controlling interests	13	(2.548)	(4.000)
<b>Net cash flows used in financing activities (C)</b>		<b>(45.348)</b>	<b>(52.415)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		<b>39.451</b>	<b>40.179</b>
Cash and cash equivalents at beginning of year		141.426	101.247
Cash and cash equivalents at end of year		180.877	141.426

The accompanying Notes 1 to 33 and Appendices I and II are an integral part of the consolidated statement of cash flows for 2013.





**Applus Services, S.A.  
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Consolidated Financial Statements for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and Consolidated Directors' Report, together with Auditors' Report

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**Consolidated balance sheet at 31 December 2013**

**Consolidated income statement for 2013**

**Consolidated statement of comprehensive income for 2013**

**Consolidated statement of changes in equity for 2013**

**Consolidated statement of cash flows for 2013**

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## **Applus Services, S.A. (formerly ApplusTechnologies Holding, S.L.) and Subsidiaries**

### **Notes to the Consolidated Financial Statements for the year ended 31 December 2013**

#### **1. Group's 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 and was incorporated on 5 July 2007 as a private limited liability company for an indefinite period of time under the name of Libertytown, S.L., which was changed to Applus Technologies Holding, S.L on 10 July 2008 and on 4 March 2014 to the current name.

On 4 March 2014, the General Meeting of the Parent resolved to change the Company from a private limited liability company to a public limited liability company.

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

On 10 July 2008, the Parent's sole shareholder at that date amended its company object. The Parent's company object is as follows:

- The provision of services related to the automotive industry and vehicle and road safety (engineering processes, design, testing, standardisation and certification of second-hand vehicles) and technical inspections for other non-automotive industries except for reserved activities subject to special legislation.
- The performance of technical audits of all manner of facilities used for vehicle roadworthiness or monitoring tests throughout Spain and abroad and any other type of non-vehicle inspections.
- The preparation and performance of all manner of studies and projects relating to the foregoing activities, whether of an economic, industrial or technical nature or relating to real estate, computing or market research, and the supervision, management and rendering of services and provision of counselling on the performance thereof.
- The provision of advisory, administration and management services of a technical, tax, legal or commercial nature.
- The provision of commercial intermediation services in Spain and abroad. The provision of all manner of quality and quantity inspection and control services, statutory inspections, cooperation with the public authorities, consulting, audit, certification and standardisation services, personnel training and skill-building and technical assistance in general aimed at enhancing quality, safety and environmental organisation and management.
- The performance of laboratory or in situ studies, work, measurements, trials, analyses and controls using the professional methods and means deemed necessary or appropriate and, particularly, relating to materials, equipment, products and industrial facilities in the mechanical, electrical, electronic and IT fields and the areas of transport, communications, administrative organisation, office computerisation,

mining, foodstuffs, environment, construction and civil engineering at the design, project, manufacturing, construction, assembly and start-up phases and subsequent maintenance and production for all manner of companies and public and private entities including central government, autonomous community, provincial and municipal authorities and for all manner of bodies, institutions and users in Spain and abroad.

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

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

On 21 December 2012, the Velosi Group was acquired by the Applus Group. The transaction was carried out through the non-monetary contribution of the shares representing the entire share capital of Azul Holding 2 S.à.r.l., sole shareholder of the Velosi Group, by Azul Holding S.C.A., shareholder of the Parent (see Notes 2.a.b, 2.b and 12).

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

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

## **2. Basis of presentation and principles of the consolidated accounts**

### ***2.a Basis of presentation of the consolidated financial statements***

#### ***a) Basis of presentation***

The 2013 consolidated financial statements were formally prepared by the directors of Parent at the Board of Directors meeting held on 4 March 2014. On 22 April 2014, the Parent's directors, taking into account the importance of the event occurring after the reporting date described in Note 32 relating to the new incentive plan for certain Group executives, have reformulated the consolidated financial statements of the Group. Also, taking into consideration the context of the potential admission to listing, the Parent's directors considered it appropriate to disclose information additional to that which they previously held in relation to the revaluation of the provision for executive incentives (see Note 29), to the assumptions and sensitivity analyses relating to the impairment tests (see Note 6) and to the contingencies relating to vehicle roadworthiness testing in Catalonia (see Note 27). Also, Note 32 describes other significant events occurring after the reporting period. As a result, the consolidated financial statements prepared by the Parent's directors and approved by the shareholders at the Annual General Meeting held on 4 March 2014 are replaced for all purposes by these reformulated consolidated financial statements.

The Group's reformulated consolidated financial statements for 2013 and the financial statements of the Group companies for 2013 have not yet been approved by their respective shareholders at the related Annual General Meetings. The Parent's Board of Directors considers that these consolidated financial statements will be approved without any changes. The Group's consolidated financial statements for 2012 were approved by the shareholders at the Parent's Annual General Meeting held on 30 June 2013.

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

The consolidated financial statements for 2013 were prepared from the separate accounting records of the Parent and of each of the consolidated companies (detailed in Appendix I) and, accordingly, they present fairly the Group's equity, financial position, results of operations, changes in consolidated equity and consolidated cash flows under EU-IFRSs and the rest of the applicable regulatory financial reporting framework. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2013 (IFRSs) sometimes differ from those used by the Group companies (local standards), all the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted in Europe.

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

These consolidated financial statements for 2013 were formally prepared taking into account all the mandatory accounting principles and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in Note 3. In particular, in accordance with the going-concern principle of accounting, taking into consideration the financial resources available to the Group and the actions initiated or envisaged of an operating, commercial or particularly, of a financial nature which the Group's shareholders may carry out in the future (see Note 31).

#### ***b) Comparative information***

The information relating to 2013 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with the information relating to 2012. Due to the acquisition of the Velosi Group by the Applus Group on 21 December 2012, the consolidated income statement for 2012 includes the results of the Velosi Group from the date of acquisition (ten days). In contrast, the consolidated income statement for 2013 includes the results of the Velosi Group for the entire year. This matter should be taken into account when comparing the figures (see Note 2.b.e.4.1).

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

The information in these consolidated financial statements is the responsibility of the Parent's directors, who are responsible for preparing the consolidated financial statements in accordance with the applicable regulatory financial reporting framework (see paragraph a) above), as well as for the internal control they consider necessary to enable the consolidated financial statements to be prepared free of material misstatements.

In the Group's consolidated financial statements for 2013, 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 impairment losses on certain assets (see Notes 3.d, 6 and 23)
- The recovery of the deferred tax assets (see Note 20).
- The useful life of the property, plant and equipment and intangible assets (see Notes 3.b and c)
- The measurement of goodwill (see Notes 3.a and 4)
- The assumptions used in measuring the fair value of the financial instruments (see Note 3.m)
- Income from unbilled services (see Note 3.s)
- Provisions and contingent liabilities (see Notes 3.l, 17 and 27)

Although these estimates were made on the basis of the best information available at 31 December 2013 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements or consolidated statements of equity, as appropriate.

#### **d) Presentation currency**

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

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

In preparing the accompanying consolidated financial statements no changes in accounting policies were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for 2012.

### **2.b Basis of consolidation and accounting principles**

#### **a) Subsidiaries**

"Subsidiaries" are defined as companies over which the Parent has the capacity to exercise effective control; control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the subsidiary or, even if this percentage is lower or zero, when there are agreements with other shareholders of the subsidiary that give the Parent control. Under IAS 27, control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities. Appendix I to these notes to the consolidated financial statements contains the most significant information on these companies.

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

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

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

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

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

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

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

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

#### **b) Associates**

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

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

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

There are no jointly controlled entities, i.e. no proportionately consolidated entities.



**c) Changes in accounting policies and in disclosures of information effective in 2013**

In 2013 new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated financial statements.

The following standards have been applied in these consolidated financial statements but did not have a significant impact on the presentation hereof and disclosures herein:

<b>New standards, amendments and interpretations:</b>	<b>Content:</b>	<b>Obligatory application in annual reporting periods beginning on or after:</b>
<b>Amendments to IAS 12, Income Taxes - Deferred Taxes Arising From Investment Property (issued in December 2010)</b>	On the measurement of deferred taxes arising from investment property measured using the fair value model in IAS 40.	Annual reporting periods beginning on or after 1 January 2013 (original IASB date: 1 January 2012)
<b>IFRS 13, Fair Value Measurement (issued in May 2011)</b>	Sets out a regulatory framework for measuring fair value.	Annual reporting periods beginning on or after 1 January 2013
<b>Amendments to IAS 1, Presentation of Items of Other Comprehensive Income (issued in June 2011)</b>	Minor amendments relating to the presentation of items of other comprehensive income.	Annual reporting periods beginning on or after 1 July 2012
<b>Amendments to IAS 19, Employee Benefits (issued in June 2011)</b>	The amendments affect mainly defined benefit plans since one of the major changes is the elimination of the "corridor".	Annual reporting periods beginning on or after 1 January 2013
<b>Amendments to IFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (issued in December 2011)</b>	Introduction of new disclosures relating to offsetting financial assets and financial liabilities under IAS 32.	Annual reporting periods beginning on or after 1 January 2013
<b>Improvements to IFRSs, 2009-2011 cycle (issued in May 2012)</b>	Minor amendments to a series of standards.	Annual reporting periods beginning on or after 1 January 2013
<b>IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (issued in October 2011)</b>	The International Financial Reporting Interpretations Committee addresses the accounting treatment of the stripping costs in surface mines.	Annual reporting periods beginning on or after 1 January 2013

**d) Accounting policies issued but not yet in force in 2013**

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

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
<b>Approved for use in the European Union</b>		
IFRS 10, Consolidated Financial Statements (issued in May 2011)	Supersedes the requirements relating to consolidated financial statements in IAS 27.	Annual reporting periods beginning on or after 1 January 2014
IFRS 11, Joint Arrangements (issued in May 2011)	Supersedes the current IAS 31, Joint Ventures.	Annual reporting periods beginning on or after 1 January 2014
IFRS 12, Disclosure of Interests in Other Entities (issued in May 2011)	Single IFRS presenting the disclosure requirements for interests in subsidiaries, associates, joint arrangements and unconsolidated entities.	Annual reporting periods beginning on or after 1 January 2014
IAS 27 (Revised), Separate Financial Statements (issued in May 2011)	The IAS is revised, since as a result of the issue of IFRS 10 it applies only to the separate financial statements of an entity.	Annual reporting periods beginning on or after 1 January 2014
IAS 28 (Revised), Investments in Associates and Joint Ventures (issued in May 2011)	Revision in conjunction with the issue of IFRS 11, Joint Arrangements	Annual reporting periods beginning on or after 1 January 2014
Transition rules: Amendments to IFRS 10, 11 and 12 (issued in June 2012)	Clarification of the rules for transition to these standards	Annual reporting periods beginning on or after 1 January 2014
Investment Entities: Amendments to IFRS 10, IFRS 12 and IFRS27 (issued in October 2012)	Exception from consolidation for parent companies that meet the definition of investment entities.	Annual reporting periods beginning on or after 1 January 2014
Amendments to IAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (issued in December 2011)	Additional clarifications to the rules for offsetting financial assets and financial liabilities under IAS 32.	Annual reporting periods beginning on or after 1 January 2014
<b>Not yet approved for use in the European Union at the date of publication of this document</b>		
IFRS 9, Financial Instruments: Classification and Measurement (issued in November 2009 and in October 2010) and subsequent amendments to IFRS 9 and IFRS 7 on effective date and transition disclosures (issued in December 2011) and hedge accounting and other amendments (issued in November 2013)	Replace the IAS 39 requirements relating to the classification, measurement and derecognition of financial assets and liabilities and hedge accounting.	To be determined
Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets (issued in May 2013)	Clarifies when certain disclosures are required and extends the disclosures required when recoverable amount is based on fair value less costs to sell.	Annual reporting periods beginning on or after 1 January 2014
Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting (issued in June 2013)	The amendments establish the cases in which -and subject to which criteria- there is no need to discontinue hedge accounting if a derivative is novated.	Annual reporting periods beginning on or after 1 July 2014
Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013)	The amendments were issued to allow employee contributions to be deducted from the service cost in the same period in which they are paid, provided certain requirements are met.	Annual reporting periods beginning on or after 1 July 2014
Improvements to IFRSs, 2010-2012 cycle and 2011-2013 cycle (issued in December 2013)	Minor amendments to a series of standards.	Annual reporting periods beginning on or after 1 January 2014
IFRIC 21, Levies (issued in May 2013)	This interpretation addresses the accounting for a liability to pay a levy that is triggered by an entity undertaking an activity on a specified date.	Annual reporting periods beginning on or after 1 January 2014

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

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

**e) Changes in the scope of consolidation**

**e.1. Inclusions in the scope of consolidation in 2013:**

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

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

**e.1.1. Companies acquired in 2013**

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

On 12 December 2013, the subsidiary Velosi Industries SDN BHD acquired 66.6% of the share capital of OMS Co Ltd. for a fixed amount of KRW 86,580 (EUR 59 thousand at the acquisition date) plus an earn-out of USD 2,000 thousand (EUR 1,453 thousand at 31 December 2013). The Group considers that the conditions to ensure that the earn-out will be paid in full will be met and, accordingly, it was taken into account when determining the acquisition cost of the ownership interest.

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

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

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

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

#### **e.1.2. Companies incorporated in 2013**

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

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

#### **e.2. Changes in the scope of consolidation in 2013**

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

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

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

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

#### **e.3. Exclusions from the scope of consolidation in 2013**

On 25 July 2013, the dormant company Applus Iteuve Andalucía, S.A. was liquidated.

On 19 December 2013, the dormant company Velosi (S) PTE LTD. was liquidated.

#### **e.4. Inclusions in the scope of consolidation in 2012**

- Companies acquired in 2012:
  - Azul Holding 2 S.à.r.l. and Subsidiaries (Velosi Group)

- Companies incorporated in 2012:
  - Applus Testing Norway, As.

#### e.4.1. Companies acquired in 2012

On 21 December 2012, the Velosi Group was acquired by the Applus Group. The Velosi Group engages in the provision of the following services (in relation to the oil and gas, power generation, chemicals, industrial processing and refrigeration industries):

- Asset integrity management
- Quality control, maintenance and inspection
- Training/hiring of specialised personnel
- Quality control management of engineering projects and services
- Assurance and contracting services

The Velosi Group operates in five large geographical markets (the Americas, Europe, the Middle East, Africa and Asia and Pacific) with 70 offices located in 40 countries.

The economic reasons for its acquisition by the Applus Group related mainly to the quest to optimise Velosi Group management by management of the Applus Group and the interest in generating synergies through the integration processes.

The transaction was carried out through the non-monetary contribution of the shares representing the entire share capital of Azul Holding 2 S.à.r.l., the sole shareholder of the Velosi Group, by Azul Holding S.C.A., shareholder of the Parent. The Parent's shareholders increased capital by EUR 238,765 thousand through the issuance of 238,764,894 shares of EUR 1 par value each with a share premium of EUR 7,235 thousand, i.e. EUR 0.0303033 per share. Both the shares and the share premium were fully subscribed and paid by Azul Holding S.C.A. through the non-monetary contribution of the shares representing all of the share capital of Azul Holding 2 S.à.r.l. valued at EUR 246,000 thousand (See Note 12.a).

The cost of this business combination amounted to EUR 102,213 thousand. It was recognised at cost at January 2011 since the Applus Group's shareholders already exercised control over the Velosi Group. The Parent generated negative reserves of EUR 143,787 thousand.

Therefore, the assets and liabilities of the Velosi Group acquired and assumed, respectively, were recognised at their acquisition-date fair value, the detail being as follows (in thousands of euros):

	Fair value		Fair value
<b>NON-CURRENT ASSETS:</b>		<b>Non-controlling interests</b>	<b>14,472</b>
Intangible Assets	62,407	<b>NON-CURRENT LIABILITIES:</b>	
Property, plant and equipment	9,279	Long-term provisions	2,696
Non-current financial assets	3,638	Non-current payables	12,347
Deferred tax assets	329	Other financial liabilities	7,223
<b>Total non-current assets</b>	<b>75,653</b>	Deferred tax liabilities	7,071
		<b>Total non-current liabilities</b>	<b>29,337</b>
<b>CURRENT ASSETS:</b>		<b>CURRENT LIABILITIES:</b>	
Inventories	-	Current payables	14,309
Trade and other receivables	91,968	Trade and other payables	52,320
Cash and cash equivalents	28,867	Other financial liabilities	3,229
<b>Total current assets</b>	<b>120,835</b>	<b>Total current liabilities</b>	<b>69,858</b>
	<b>196,488</b>		<b>113,667</b>

Therefore, the goodwill that arose on the business combination is summarised as follows:

	Thousands of euros
Assets at fair value	196,488
Liabilities at fair value	(113,667)
<b>Net assets acquired</b>	<b>82,821</b>
Cost of the combination	102,213
<b>Goodwill</b>	<b>19,392</b>

The measurement of the assets acquired and liabilities assumed at fair value identified intangible assets with a fair value exceeding the carrying amount by EUR 54,352 thousand, relating mainly to the trademark, the trademark licence agreement and customer relationships, and, as a result, the intangible assets recognised in the consolidated balance sheet at 31 December 2012 amounted to EUR 62,407 thousand (EUR 55,363 thousand net of the related tax effect). In addition, the impact of this valuation on non-controlling interests and on deferred tax liabilities amounted to EUR 5,081 thousand and EUR 7,044 thousand, respectively. Note 5 provide an explanation of the principal assumptions applied in the calculation of the fair value of the assets and liabilities acquired.

The income attributable to the business combination from the acquisition date to 2012 year-end (ten days) amounted to EUR 8.8 million, while the net profit amounted to EUR 0.1 million. Had the aforementioned business combination occurred at the beginning of 2012, the consolidated income statement of the Velosi Group consolidated would have been as follows (in thousands of euros):

	2012
Revenue	287,251
Procurements	-
<b>Gross profit</b>	<b>287,251</b>
Staff costs	(102,772)
Other operating expenses	(158,006)
<b>EBITDA</b>	<b>26,473</b>
Depreciation and amortisation charge	(3,458)
Impairment and gains or losses on disposals of non-current assets	111
Other non-recurring losses	(8,035)
<b>Profit from operations</b>	<b>15,091</b>
Financial loss	(2,902)
Share of profit of companies accounted for using the equity method	1,626
<b>Profit before tax</b>	<b>13,815</b>
Income tax	(6,843)
<b>Net profit</b>	<b>6,972</b>
Profit attributable to non-controlling interests	(4,267)
<b>Profit attributable to the Parent</b>	<b>2,705</b>

Had the Velosi Group been included from the 1 January 2012, the consolidated income statement of the Applus Group would have been as follows (in thousands of euros):

	2012
Revenue	1,464,998
Procurements	(101,083)
<b>Gross profit</b>	<b>1,363,915</b>
Staff costs	(739,756)
Other operating expenses	(453,087)
<b>EBITDA</b>	<b>171,072</b>
Depreciation and amortisation charge	(82,524)
Impairment and gains or losses on disposals of non-current assets	(19,817)
Other non-recurring losses	(23,512)
<b>Profit from operations</b>	<b>45,219</b>
Financial loss	(117,448)
Share of profit of companies accounted for using the equity method	1,628
<b>Loss before tax</b>	<b>(70,601)</b>
Income tax	10,665
<b>Net profit</b>	<b>(59,936)</b>
Profit attributable to non-controlling interests	(7,033)
<b>Loss attributable to the Parent</b>	<b>(66,969)</b>

#### e.4.2. Companies incorporated in 2012

The most significant information on the only company incorporated in 2012, namely Applus Testing Norway, AS., is as follows:

The company was incorporated on 25 October 2012 with a share capital of 30 thousand shares with a par value of NOK 1 each (approximately EUR 4 thousand at the date of incorporation).

#### e.5. Changes in the scope of consolidation in 2012

On 24 April 2012, Applus Servicios Tecnológicos, S.L.U. sold its 100% ownership interests in Idiada CZ, AS. and Idiada Automotive Technology UK, Ltd. to Idiada Automotive Technology S.A for EUR 4,357 thousand and EUR 384 thousand, respectively.

On 8 November 2012, the subsidiary Contrôles Techniques Services, S.A.S. merged with Applus RTD France, S.A.S.

On 31 December 2012, Applus, Inc. and Applus Autologic, Inc. merged, leaving Applus Technologies, Inc. as the post-merger company.

#### e.6. Exclusions from the scope of consolidation in 2012

On 28 December 2012, Applus Iteuve Technology, S.L.U. sold Applus Bilprovning AB to a non-Group third party for SEK 11 million (EUR 1,254 thousand at the date of sale), giving rise to a gain of EUR 842 thousand.

### **3. Accounting policies**

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

#### **a) Goodwill**

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

The cost of a business combination is the aggregate of:

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

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

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

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

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

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

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

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

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



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

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

In accordance with paragraph 81 of IAS 36, where goodwill cannot be allocated to an individual cash-generating unit it is allocated to uniform groups of cash-generating units that correspond to the minimum level at which the directors are able to manage and monitor the goodwill.

#### ***b) Other intangible assets***

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

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

Intangible assets are measured and amortised as follows:

- Administrative concessions or similar items that have been acquired for consideration and are amortised on a straight-line basis over the concession term. The initial cost (fee) and, where applicable, the present value of the future payments which are deemed to be necessary when the assets are handed over to the grantor are included in this line item.
- Trademarks and trademark licence agreements are measured using the royalty relief valuation method, based on the future royalty income stream from their use. Trademarks and trademark licence agreements are considered to have a finite useful life and are amortised over 25 years, with the exception of the trademark and trademark licence agreement associated with the Velosi Group, which are being amortised over ten years.
- The administrative authorisations relate to vehicle roadworthiness testing services in Spain and abroad which the Group manages under this name. The administrative authorisations relate to Spain and Finland (see Note 5). In the case of Spain, considering the opinion of all the Group's advisers regarding the possible positioning of the Catalonia Autonomous Community Government as regards the renewal of the administrative authorisation of that Autonomous Community Government at the end of the currently established period, which concludes in 2035, in 2013 the directors took the decision to begin to amortise the cost of the authorisation over the 23 years that remained, at the beginning of the year, until 2035. (See Note 27.b). In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in ten years and, therefore, it is being amortised over this period.
- Customer portfolios are amortised based on the life of the agreements entered into with the customers.
- Rights of use on asset relate to machinery and fixtures used by the Group in the performance of its business activity and are subject to reversion. They are amortised over the residual useful life of the assets to which they correspond, from the acquisition date of the right of use, based on an estimate by an independent valuer.
- Computer software is amortised on a straight-line basis over five years. Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

**c) Property, plant and equipment**

Property, plant and equipment are stated at acquisition or production cost, revalued in accordance with various legal provisions including Royal Decree Law 7/1996, of 7 June (see Note 7), including the allocation of any goodwill arising as a result of the business combinations that may be applicable, based on the related independent valuations.

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

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

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

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

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

The assets that have to be handed over will have been fully depreciated by the end of the concession term.

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

Assets held under finance leases (see Note 3.g) are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. At 31 December 2013, "Property, Plant and Equipment" in the consolidated balance sheet included EUR 17,202 thousand (31 December 2012: EUR 17,166 thousand) relating to assets held under finance leases (see Note 7).

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

**d) Impairment of non-financial assets**

Intangible assets with indefinite useful lives or intangible assets that are not ready for use are not subject to amortisation and are tested each year for impairment. Assets subject to amortisation are subject to reviews to ascertain whether they have suffered impairment losses if any event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount.

Recoverable amount is the higher of fair value of an asset less costs to sell and value in use. In order to assess the impairment losses, the assets are grouped together at the lowest level for which there are largely independent cash inflows (cash-generating units or "CGUs"). The cash-generating units defined by the Group are detailed in Notes 4 and 5.

In accordance with paragraph 81 of IAS 36, where goodwill cannot be allocated to an individual cash-generating unit it is allocated to uniform groups of cash-generating units that correspond to the minimum level at which the directors are able to manage and monitor the goodwill. In these cases, in accordance with paragraphs 88 and 89 of IAS 36 these separate cash-generating units are tested for impairment to assess the recoverability of the intangible assets specifically associated with them (see Note 6). In this situation impairment losses could arise on these intangible assets even where unimpaired associated goodwill existed.

The previous impairment losses on non-financial assets (other than goodwill) are reviewed for possible reversal on the date on which financial reporting is presented.

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

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

The method used by the Group to test impairment distinguishes between businesses with indefinite and finite lives. Five-year projections and a perpetuity rate of return from the sixth year are used for businesses with indefinite lives. In preparing the cash flow projections for assets with finite lives relating to the rendering of services or operation of concessions, it was considered that these concessions would not probably be renewed.

In both cases the projections were based on reasonable and well-founded assumptions and were prepared according to Group's Strategic Plan for the period between 2014-2018 based on past experience and the best estimates available at the date on which the impairment tests were carried out using the market information available. The projections envisage growth in volume and improvements to margins arising solely from the organic growth that the Parent's management expects for the coming years. Consequently, the possible acquisitions or mergers that might take place in the future were not taken into account in the projections and impairment tests.

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

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

#### **e) *Financial assets***

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification of financial assets depends on their nature and purpose at the time of their initial recognition. All acquisitions and sales of financial assets are recognised and derecognised at the transaction date. At 2013 year-end the only financial assets the Group had were held-to-maturity investments (see Notes 8 and 11) and loans and receivables (see Note 10).

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

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

**f) Information on the environment**

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

In view of the Group's business activity, at 31 December 2013 and 2012 it did not have any significant assets of this nature.

**g) Operating and finance leases**

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

*Finance leases*

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

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

*Operating leases*

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

**h) Inventories**

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

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

**i) Trade and other receivables**

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

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

**j) Current financial assets, cash and cash equivalents**

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

The balance of cash and cash equivalents recognised in the consolidated balance sheets at 31 December 2013 and 2012 includes the bank balances, available cash and the current financial assets maturing within three months.

**k) Government grants**

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

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

**l) Provisions and contingent liabilities**

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

- Provisions:

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

- Contingent liabilities:

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

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

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

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

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

#### ***m) Derivative financial instruments and hedge accounting***

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

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

The Group uses derivative financial instruments exclusively as hedging instruments as it considers that they meet the requirements of IAS 39. The accounting treatment of cash flow hedges is as follows:

- Changes in the market value of the ineffective portion of derivative financial instruments that are designated as hedges are recognised in the consolidated income statement.
- Changes in the effective portion of a hedge are recognised under "Valuation Adjustments" and "Translation Differences", respectively, in the accompanying consolidated balance sheet.
- The cumulative gain or loss in these reserves is transferred to the consolidated income statement under the same heading as that affected by the hedged item as the underlying affects net profit or loss or in the year in which the hedged item is disposed of.
- When hedge accounting is discontinued, any cumulative gain or loss recognised under "Valuation Adjustments" at that date is retained until the hedged transaction occurs, at which time they are added to the gain or loss on this transaction. If a hedged transaction is no longer expected to occur, the cumulative gain or loss recognised under this heading is transferred to profit or loss.

At 2013 year-end the Applus Group had not arranged any hedging instruments.

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

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

The income or expense related to the defined benefit plans is recognised in the consolidated income statement and is obtained as a result of the addition of revenue from services in 2013 and the actuarial losses. The difference between the projected and actual performance of the plan assets forms part of the actuarial gains or losses.

Also, the Group recognises the past service costs as an expense in the current year, immediately registered in the profit and loss account.

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

The amendments to IAS 19 were already considered in the preparation of the consolidated financial statements, although these amendments had practically no impact since the Group's pension obligations are not significant.

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

#### *Other obligations to staff*

There are specific remuneration plans for certain executives of Applus Group with the following features:

- a) Variable remuneration for certain Velosi senior executives dependent upon certain financial aggregates in 2011, 2012, 2013 (See Notes 19 and 29).
- b) Variable remuneration for senior executives of the Group subject to the achievement of certain financial aggregates in 2011, 2012 and 2013 (see Notes 19 and 29).
- c) Other specific remuneration plans for certain of the Group's senior executives: 10 senior executives of the Applus Group have a remuneration plan dependent upon the profit obtained by the majority shareholder in the event of divestment, including the admission to trading of the Parent's shares. The remuneration to which the executives are entitled under this plan consists of a fixed amount based on a minimum profit level, which increases according to the multiple obtained, and is zero if the established minimum profit level is not attained. In the event of a partial divestment, the remuneration would be calculated in proportion to the percentage disposed of. The right to receive the remuneration described above arises when the aforementioned divestment becomes effective, provided that the employee has not resigned within the 12-month period following the date on which the change of shareholder took place, when the plan would expire (see Note 29). Also, there are 27 key executives of Applus (some of whom are already included in the aforementioned remuneration plan) who invested in the Group and have a cash-settled incentive plan tied to the attainment of a minimum internal rate of return with respect to the initial investment in the Group. If the required minimum return is not attained, they are guaranteed the reimbursement of their investment (see Note 29).

#### ***o) Debts and current/non-current classification***

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

#### ***p) Financial liabilities***

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities. At 2013 year-end the Group only had other financial liabilities.

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

#### *Effective interest method*

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

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

#### ***q) Transactions in currencies other than the euro***

The Group's functional currency is the euro. Therefore, all balances and transactions in currencies other than the euro are deemed to be "foreign currency transactions". At each balance sheet date, monetary assets and

liabilities denominated in foreign currencies are translated to euros at the rates prevailing on the balance sheet date. Any resulting gains or losses are recognised directly in the income statement. The balances in the financial statements of the consolidated companies with a functional currency other than the euro are translated to euros as follows:

- Assets and liabilities are translated by applying the exchange rates prevailing at the reporting date.
- Income, expenses and cash flows are translated at the average exchange rates for the year.
- Equity items are translated at the historical exchange rates.
- Translation differences arising as a consequence of the application of this method are presented under "Equity Attributable to Shareholders of the Parent - Translation Differences" in the accompanying consolidated balance sheet.

The detail of the equivalent euro value of the main assets in foreign currency held by the Group at 31 December 2013 and 2012 is as follows (in thousands of euros):

Balances held in:	31/12/2013	31/12/2012
US dollar	387,530	375,238
Canadian dollar	69,674	67,430
Danish krone	56,936	58,840
Pound sterling	53,463	52,217
Australian dollar	44,137	58,968
Singapore dollar	22,294	20,386
Colombian peso	22,075	22,445
Chilean peso	16,617	15,292
Qatari riyal	15,100	19,055
United Arab Emirates dirham	14,775	15,732
Brazilian real	13,751	14,504
Chinese yuan	13,243	10,840
Czech koruna	12,467	12,232
Indonesian rupiah	11,962	9,726
Saudi riyal	10,830	9,283
Malaysian ringgit	10,682	8,795
Norwegian krone	8,795	8,358
Argentine peso	8,246	8,294
Mexican peso	6,752	8,563
Guatemalan quetzal	4,274	5,133
Panamanian balboa	3,886	3,912
South African rand	3,881	3,711
Papua New Guinean kina	3,806	4,704
Russian Ruble	3,689	-
Kuwaiti dinar	3,255	5,819
Indian rupee	2,962	1,858
Bahrain Dinar	2,636	-
Surcorean Wone	1,915	-
Nigerian naira	1,651	1,799
Others	4,597	2,268
<b>Total</b>	<b>835,881</b>	<b>825,402</b>



The detail of the main foreign currency balances is as follows:

2013

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

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

Nature of Balances	Thousands of euros						
	Malayan Ringgit	Guatemalan Quetzal	Argentine peso	Saudi riyal	Indonesian rupiah	United Arab Emirates dirham	Others
Non-current assets	841	268	1,232	1,114	1,005	941	6,140
Current assets	9,841	4,006	7,014	9,716	10,957	13,834	26,138
Liabilities - Equity	26,278	335	3,810	4,656	7,260	6,336	8,143

2012

Nature of the balances	Thousands of euros						
	US dollars	Danish krone	Canadian dollar	Pound sterling	Australian dollar	Chilean peso	Czech koruna
Non-current assets	275,702	52,928	50,508	31,858	28,022	9,674	7,416
Current assets	99,536	5,912	16,922	20,359	30,946	5,618	4,816
Liabilities – Equity	293,770	4,900	4,289	9,562	19,385	2,021	2,012

Nature of the balances	Thousands of euros						
	Brazilian real	Colombian peso	Norwegian krone	Qatari riyal	Singapore dollar	Chinese yuan	Argentine peso
Non-current assets	6,515	4,630	4,413	2,199	2,969	2,126	1,651
Current assets	7,989	17,815	3,945	16,856	17,417	8,714	6,643
Liabilities – Equity	4,828	11,188	1,875	6,650	7,243	1,515	3,759

Nature of the balances	Thousands of euros						
	South African rand	United Arab Emirates dirham	Mexican peso	Saudi riyal	Indian rupee	Malaysian ringgit	Others
Non-current assets	1,596	1,207	1,152	948	890	721	2,382
Current assets	2,115	14,525	7,411	8,335	968	8,074	30,979
Liabilities – Equity	410	6,940	2,258	5,361	49	20,493	11,791

The average and closing rates used in the translation to euros of the balances held in foreign currency were as follows:

EUR	2013		2012	
	Average rate	Closing rate	Average rate	Closing rate
Thai baht	40.76	44.13	40.11	40.33
Panamanian balboa	1.35	1.40	1.31	1.35
Ghanaian cedi	2.75	3.22	23,935.68	25,044.10
Costa Rican colon	678.28	697.19	657.86	670.41
Nicaraguan cordoba	33.17	34.56	30.70	32.46
Danish krone	7.46	7.46	7.44	7.46
Norwegian krone	7.79	8.48	7.49	7.39
Swedish krona	8.64	9.04	8.71	8.77
Bahreini dinar	0.50	0.53	0.49	0.50
Kuwaiti dinar	0.38	0.39	0.36	0.37
United Arab Emirates dirham	4.87	5.05	4.72	4.84
Moroccan dirham	11.27	11.39	11.20	11.29
Australian dollar	1.37	1.54	1.24	1.25
Canadian dollar	1.36	1.46	1.28	1.30
Brunei dollar	1.68	1.75	1.63	1.63
Hong Kong dollar	10.30	10.67	9.97	10.20
Singapore dollar	1.66	1.73	1.61	1.61
US dollar	1.33	1.38	1.28	1.32
New Zealand dollar	1.62	1.67	1.59	1.56
Vietnamese dong	28,065.75	29,289.00	27,039.26	27,631.40
Papua New Guinean kina	3.10	3.55	2.70	2.75
Czech koruna	25.92	27.57	25.16	25.25
Angolan kwanza	128.16	134.56	122.85	126.41
Egyptian pound	9.16	9.53	7.84	8.14
Pound sterling	0.85	0.84	0.81	0.81
Nigerian naira	213.37	221.24	205.68	209.64
Peruvian nuevo sol	3.64	3.86	3.44	3.43
Argentine peso	7.23	8.67	5.84	6.44
Chilean peso	656.23	726.40	627.06	625.99
Colombian peso	2,479.33	2,664.94	2,326.09	2,365.64
Mexican peso	16.92	17.78	16.92	16.80
Guatemalan quetzal	10.62	11.02	10.25	10.55
South African rand	12.78	14.19	10.54	11.32
Brazilian real	2.86	3.21	2.51	2.75
Omani rial	0.51	0.53	0.50	0.51
Qatari riyal	4.84	5.06	4.69	4.80
Yemeni rial	285.86	296.38	278.81	284.30
Malaysian ringgit	4.19	4.52	3.98	4.03
Saudi riyal	4.98	5.16	4.82	4.94
Russian rouble	42.26	45.27	40.03	40.60
Indian rupee	77.60	85.21	68.96	71.98
Pakistani rupee	135.60	148.49	120.61	129.69
Indonesian rupiah	13,814.44	16,498.20	12,061.64	12,704.70
South Korean won	1,459.40	1,450.05	1,454.37	1,422.16
Japanese yen	129.13	141.72	102.32	110.45
Chinese yuan	8.23	8.41	8.12	8.28
Polish zloty	4.20	4.18	4.19	4.09

**r) Income tax, deferred tax assets and deferred tax liabilities**

The income tax expense represents the sum of the current tax expense and the effect of the changes in deferred tax assets and liabilities and reported tax loss and tax credit carryforwards.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities, and any tax loss and tax credit carryforwards.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, unless, in general, the temporary difference arises from the initial recognition of goodwill. Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised. The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

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

#### **s) Revenue recognition**

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

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

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

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

#### **t) Expense recognition**

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

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

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

**u) Discontinued operations**

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

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

The Group did not discontinue any significant operation in 2013 or 2012.

**v) Segment reporting**

The business segments broken down in the notes to the consolidated financial statements are consistently included by the Parent's directors on the basis of the available internal information. The operating segments are the components of the Applus Group that involve business activities from which income is generated and expenses are incurred, including ordinary income and expenses arising from transactions with other Group components. Financial information on segments is regularly disclosed and operating results are reviewed by the Group's directors with a view to deciding on the resources that should be allocated to the segments and evaluating their performance.

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

**w) Consolidated statement of cash flows**

The following terms are used in the consolidated statement of cash flows with the meanings specified:

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

#### 4. Goodwill

The detail, by cash-generating unit, of the goodwill at the end of 2013 and 2012 is as follows:

Cash-generating Unit	Thousands of euros					
	31/12/2013			31/12/2012		
	Gross Value	Accumulated Impairment	Net Value	Gross Value	Accumulated Impairment	Net Value
Auto Spain (*)	170,972	-	170,972	170,972	-	170,972
RTD Europe	139,287	(36,101)	103,186	137,968	(36,101)	101,867
RTD US and Canada	63,058	-	63,058	65,059	-	65,059
IDIADA	56,555	-	56,555	56,827	-	56,827
Velosi	26,469	-	26,469	19,392	-	19,392
Norcontrol	21,708	(11,370)	10,338	21,708	-	21,708
LGAI	29,239	-	29,239	29,239	-	29,239
RTD Asia and Pacific	27,471	(15,674)	11,797	31,931	(15,674)	16,257
Auto Denmark	7,501	(642)	6,859	7,343	(642)	6,701
Auto US (*)	23,274	(17,133)	6,141	25,209	-	25,209
Norcontrol Latam	1,982	-	1,982	3,873	-	3,873
Auto Finland	52,782	(52,782)	-	52,782	-	52,782
Other	1,286	-	1,286	1,282	-	1,282
<b>Total goodwill</b>	<b>621,584</b>	<b>(133,702)</b>	<b>487,882</b>	<b>623,585</b>	<b>(52,417)</b>	<b>571,168</b>

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

The changes in 2013 and 2012 were as follows:

	Thousands of euros
<b>Balance at 31 December 2011</b>	<b>571,923</b>
Changes in the scope of consolidation (Note 2.b.e.1)	19,392
Translation differences	388
Disposals	(2,434)
Impairments	(18,101)
<b>Balance at 31 December 2012</b>	<b>571,168</b>
Changes in the scope of consolidation (Note 2.b.e.1)	9,113
Translation differences	(8,413)
Disposals	(2,701)
Impairments	(81,285)
<b>Balance at 31 December 2013</b>	<b>487,882</b>

The negative translation differences for 2013 related basically to the following CGUs: US Automotive, RTD Asia-Pacific and RTD US and Canada.

The changes in the scope of consolidation in 2013 related mainly to the acquisition of Testex Inspection, LLC for EUR 7,565 thousand, which corresponds to the Velosi cash-generating unit.

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

## 5. Other intangible assets

The changes in 2013 and 2012 in intangible asset accounts and in the related accumulated amortisation were as follows:

	2013 - Thousands of euros						
	Balance at 1 January 2013	Changes in the scope of consolidation (Note 2.b.c.4)	Additions or charge for the year	Disposals or reductions	Transfers (Note 7)	Changes in exchange rates and other	Balance at 31 December 2013
<b>Cost:</b>							
Administrative concessions	112,164	-	-	-	-	-	112,164
Patents, licences and trademarks	283,193	-	1,565	-	15	(90)	284,683
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	139,501	-	-	-	-	-	139,501
Computer software	43,909	131	3,119	(156)	1,056	(1,091)	46,968
Goodwill acquired	9,334	-	3,211	-	9	(422)	12,132
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	20,542	8	3,509	(13)	4,913	(789)	28,170
<b>Total cost</b>	<b>941,513</b>	<b>139</b>	<b>11,404</b>	<b>(169)</b>	<b>5,993</b>	<b>(2,392)</b>	<b>956,488</b>
<b>Accumulated amortisation</b>							
Administrative concessions	(41,855)	-	(7,835)	-	-	-	(49,690)
Patents, licences and trademarks	(53,450)	-	(14,550)	(69)	-	55	(68,014)
Administrative authorisations	(17,523)	-	(15,734)	-	-	-	(33,257)
Customer portfolio	(37,148)	-	(9,035)	-	-	(148)	(46,331)
Computer software	(34,388)	(132)	(7,124)	115	(75)	587	(41,017)
Goodwill acquired	(106)	-	-	-	-	1	(105)
Asset usage rights	(25,990)	-	(3,471)	-	(9)	-	(29,470)
Other	(14,665)	-	(2,678)	(7)	(1,377)	700	(18,027)
<b>Total Accumulated amortisation</b>	<b>(225,125)</b>	<b>(132)</b>	<b>(60,427)</b>	<b>39</b>	<b>(1,461)</b>	<b>1,195</b>	<b>(285,911)</b>
<b>Total impairments (Note 6)</b>	<b>-</b>	<b>-</b>	<b>(37,882)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,882)</b>
<b>Total Net Value</b>	<b>716,388</b>	<b>7</b>	<b>(86,905)</b>	<b>(130)</b>	<b>4,532</b>	<b>(1,197)</b>	<b>632,695</b>

	2012 - Thousands of euros						
	Balance at 1 January 2012	Changes in the scope of consolidation (Note 2.b.e.1)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2012
<b>Cost:</b>							
Administrative concessions	112,164	-	-	-	-	-	112,164
Patents, licences and trademarks	238,579	43,122	1,492	-	-	-	283,193
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	120,489	19,012	-	-	-	-	139,501
Computer software	42,466	273	2,315	(1,246)	81	20	43,909
Goodwill acquired	9,603	-	-	(488)	-	219	9,334
Asset usage rights	73,080	-	-	(120)	-	-	72,960
Other	18,819	-	1,951	(113)	36	(151)	20,542
<b>Total cost</b>	<b>875,110</b>	<b>62,407</b>	<b>5,758</b>	<b>(1,967)</b>	<b>117</b>	<b>88</b>	<b>941,513</b>
<b>Accumulated amortisation</b>							
Administrative concessions	(33,995)	-	(7,860)	-	-	-	(41,855)
Patents, licences and trademarks	(42,954)	-	(10,496)	-	-	-	(53,450)
Administrative authorisations	(6,262)	-	(11,261)	-	-	-	(17,523)
Customer portfolio	(32,955)	-	(4,193)	-	-	-	(37,148)
Computer software	(28,681)	-	(6,282)	-	329	246	(34,388)
Goodwill acquired	(106)	-	-	-	-	-	(106)
Asset usage rights	(22,445)	-	(4,305)	760	-	-	(25,990)
Other	(12,513)	-	(2,356)	36	66	102	(14,665)
<b>Total Accumulated amortisation</b>	<b>(179,911)</b>	<b>-</b>	<b>(46,753)</b>	<b>796</b>	<b>395</b>	<b>348</b>	<b>(225,125)</b>
<b>Total Net Value</b>	<b>695,199</b>	<b>62,407</b>	<b>(40,995)</b>	<b>(1,171)</b>	<b>512</b>	<b>436</b>	<b>716,388</b>

#### Identification and measurement of intangible assets in business combinations

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

In 2012, based on a valuation by an independent valuer, the Group carried out the assessment at fair value of the assets and liabilities of the Velosi Group acquired on 21 December 2012, recognising the provisional fair value of the assets and liabilities associated with the aforementioned business combination. Intangible assets of EUR 62,407 thousand (EUR 55,363 thousand net of the related tax effect) were identified when measuring the aforementioned assets and liabilities, the detail being as follows:

	Amount (In thousands of euros)
Trademark	26,183
Customer portfolio	19,012
Trademark licence agreement	16,939
Databases	273
<b>Total</b>	<b>62,407</b>

The deferred tax of EUR 7,044 thousand arising from this combination amounts to 13% since the customer portfolio relates mainly to Middle Eastern countries with a non-existent or very low tax rate, the trademark license agreement relates mainly to the Malaysian company with a 25% tax rate and the future taxation of the trademark relating to the Luxembourg-based Parent will only amount to 6%.



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

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

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

	Thousands of euros	
	31/12/2013	31/12/2012
Administrative authorisations	259,910	259,910
Applus and RTD trademarks	228,441	228,441
Administrative concessions	102,319	102,319
RTD customer portfolio	67,949	67,949
Rights of use	57,516	57,516
Quality and Valley customer portfolio	24,354	24,354
Velosi trademark	26,183	26,183
Velosi customer portfolio	19,012	19,012
Norcontrol contract	18,822	18,822
Velosi trademark licence agreement	16,939	16,939
Assinco, BKW and Kiefner customer portfolio	5,577	5,577
Velosi databases	273	273
<b>Total allocation of goodwill to assets</b>	<b>827,294</b>	<b>827,294</b>

The most significant assumptions used for the measurement at fair value of the assets identified in the business combinations were as follows:

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

A description of the main assets included under this heading is as follows:

- Administrative authorisations and concessions

The administrative authorisations relate to vehicle roadworthiness testing services in Spain and abroad which the Group manages under this name. The main administrative authorisations relate to Spain and Finland. In the case of Spain, considering the opinion of all the Group's advisers regarding the possible positioning of the Catalonia Autonomous Community Government as regards the renewal of the administrative authorisation of that Autonomous Community at the end of the currently established period, which concludes in 2035, in 2013 the directors took the decision to begin to amortise the cost of the authorisation over the 23 years that remained, at the beginning of the year, until 2035. (See Note 27.b). In the case of Finland, although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in ten years and, therefore, it is being amortised over this period.

"Administrative concessions" includes mainly the operating rights for a fixed period of vehicle roadworthiness testing facilities. At 31 December 2013, the Applus Group was managing various administrative concessions relating to vehicle roadworthiness testing services, mainly in the US, Spain (Alicante, Aragon, the Basque Country and Menorca), Ireland, Argentina and Chile. These administrative concessions, which are amortised on the basis of their useful life, expire on various dates from 2014 to 2023.

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

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

- Patents, licences and trademarks:

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

- Customer portfolio:

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

	Expected Useful Life
RTD Europe and Asia Pacific customer Portfolio	25
RTD US and Canada customer Portfolio	15-25
Velosi Customer Portfolio	5
LGAI Customer Portfolio	15
Norcontrol customer portfolio	15

- Asset usage rights:

These include mainly the carrying amounts of the usage rights transferred by Laboratori General d'Assaig i Investigació (now the Catalonia Autonomous Community Government) on the incorporation of LGAI Technological Center, S.A. and the carrying amount of the assets assigned by Institut d'Investigació Aplicada de l'Automòbil (now Empresa de Promoció i Localització Industrial de Catalunya (AVANÇSA)) to Idiada Automotive Technology, S.A., relating basically to machinery and other fixtures. These usage rights are amortised over the shorter of the useful life of the assets and the estimated useful life of the licensing agreements, which last until 2029 (Idiada) and 2033 (LGAi).

**Allocation of intangible assets by cash-generating unit**

The detail, by cash-generating unit, of the assets identified in the processes referred to above is as follows:

	2013 – Thousands of euros											
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcontrol	LGAi	RTD Asia and Pacific	Auto US	Norcontrol Latam	Total
<b>Cost:</b>												
Administrative concessions	94,101	-	-	-	-	-	182	-	-	17,881	-	112,164
Patents, licences and trademarks	18,740	92,273	10,140	43,122	28,210	22,109	40,096	8,772	15,440	5,781	-	284,683
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	259,910
Customer portfolio	1,241	41,532	-	21,557	43,490	-	18,822	4,142	8,119	-	598	139,501
Computer software	15,434	3,433	-	173	-	3,847	6,364	3,161	-	12,939	1,617	46,968
Goodwill acquired	-	3,662	-	-	-	3,211	1,541	265	-	3,453	-	12,132
Asset usage rights	1,244	-	-	-	-	36,729	-	34,987	-	-	-	72,960
Other	700	7,065	-	273	-	375	3,228	2,004	-	14,525	-	28,170
<b>Total cost</b>	<b>297,446</b>	<b>147,965</b>	<b>104,064</b>	<b>65,125</b>	<b>71,700</b>	<b>66,271</b>	<b>70,233</b>	<b>53,331</b>	<b>23,559</b>	<b>54,579</b>	<b>2,215</b>	<b>956,488</b>
<b>Accumulated amortisation</b>												
Administrative concessions	(40,729)	-	-	-	-	-	(195)	-	-	(8,766)	-	(49,690)
Patents, licences and trademarks	(4,674)	(24,512)	(2,467)	(4,312)	(6,864)	(7,940)	(9,960)	(2,135)	(3,757)	(1,393)	-	(68,014)
Administrative authorisations	(6,184)	-	(27,073)	-	-	-	-	-	-	-	-	(33,257)
Customer portfolio	-	(10,106)	-	(3,802)	(10,705)	-	(18,969)	(675)	(1,976)	-	(98)	(46,331)
Computer software	(13,738)	(2,724)	-	(162)	-	(2,830)	(5,367)	(2,725)	-	(11,910)	(1,561)	(41,017)
Goodwill acquired	-	-	-	-	-	-	(98)	(7)	-	-	-	(105)
Asset usage rights	-	-	-	-	-	(10,156)	-	(19,314)	-	-	-	(29,470)
Other	(195)	(3,190)	-	(55)	-	(384)	(1,190)	(1,242)	-	(11,767)	(4)	(18,027)
<b>Total Accumulated amortisation</b>	<b>(65,520)</b>	<b>(40,532)</b>	<b>(29,540)</b>	<b>(8,331)</b>	<b>(17,569)</b>	<b>(21,310)</b>	<b>(35,779)</b>	<b>(26,098)</b>	<b>(5,733)</b>	<b>(33,836)</b>	<b>(1,663)</b>	<b>(285,911)</b>
<b>Total impairment</b>	<b>(7,051)</b>	<b>(16,744)</b>	<b>(8,115)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,972)</b>	<b>-</b>	<b>(37,882)</b>
<b>Total Net value</b>	<b>224,875</b>	<b>90,689</b>	<b>66,409</b>	<b>56,794</b>	<b>54,131</b>	<b>44,961</b>	<b>34,454</b>	<b>27,233</b>	<b>17,826</b>	<b>14,771</b>	<b>552</b>	<b>632,695</b>

	2012 – Thousands of euros											Total
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcontrol	LGAI	RTD Asia and Pacific	Auto US	Norcontrol Latam	
<b>Cost:</b>												
Administrative concessions	94,102	-	-	-	-	-	182	-	-	17,880	-	112,164
Patents, licences and trademarks	18,740	89,396	10,140	46,026	28,210	20,612	40,096	8,772	15,440	5,761	-	283,193
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	259,910
Customer portfolio	1,241	41,532	-	21,557	43,490	-	18,822	4,142	8,119	-	598	139,501
Computer software	14,722	-	-	4,162	-	3,373	5,804	2,656	-	11,568	1,624	43,909
Goodwill acquired	-	-	-	3,917	-	-	1,541	265	-	3,611	-	9,334
Asset usage rights	-	-	-	1,241	-	36,729	3	34,987	-	-	-	72,960
Other	682	-	-	273	-	327	3,061	2,008	-	14,186	5	20,542
<b>Total cost</b>	<b>295,473</b>	<b>130,928</b>	<b>104,064</b>	<b>77,176</b>	<b>71,700</b>	<b>61,041</b>	<b>69,509</b>	<b>52,830</b>	<b>23,559</b>	<b>53,006</b>	<b>2,227</b>	<b>941,513</b>
<b>Accumulated amortisation</b>												
Administrative concessions	(34,363)	-	-	-	-	-	(182)	-	-	(7,310)	-	(41,855)
Patents, licences and trademarks	(3,789)	(18,177)	(2,062)	(2,689)	(5,736)	(6,572)	(8,318)	(1,784)	(3,139)	(1,184)	-	(53,450)
Administrative authorisations	-	-	(17,523)	-	-	-	-	-	-	-	-	(17,523)
Customer portfolio	-	(8,445)	-	-	(8,238)	-	(18,822)	-	(1,625)	-	(18)	(37,148)
Computer software	(11,178)	-	-	(2,773)	-	(2,496)	(4,901)	(2,168)	-	(9,754)	(1,118)	(34,388)
Goodwill acquired	-	-	-	-	-	-	(99)	(7)	-	-	-	(106)
Asset usage rights	-	-	-	(1,147)	-	(8,487)	(3)	(16,353)	-	-	-	(25,990)
Other	(141)	-	-	-	-	(104)	(1,561)	(841)	-	(12,014)	(4)	(14,665)
<b>Total Accumulated amortisation</b>	<b>(49,471)</b>	<b>(26,622)</b>	<b>(19,585)</b>	<b>(6,609)</b>	<b>(13,974)</b>	<b>(17,659)</b>	<b>(33,886)</b>	<b>(21,153)</b>	<b>(4,764)</b>	<b>(30,262)</b>	<b>(1,140)</b>	<b>(225,125)</b>
<b>Total net value</b>	<b>246,002</b>	<b>104,306</b>	<b>84,479</b>	<b>70,567</b>	<b>57,726</b>	<b>43,382</b>	<b>35,623</b>	<b>31,677</b>	<b>18,795</b>	<b>22,744</b>	<b>1,087</b>	<b>716,388</b>

During 2013, the amortisation expense associated with such revalued assets recognized in the consolidated income statement has been EUR 48,232 thousand (2012: EUR 34,855 thousand).

#### **Impairment of intangible assets**

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

#### **Other matters**

No significant changes in the scope of consolidation took place in 2013.

At 31 December 2013, fully amortised intangible assets in use amounted to EUR 38,925 thousand (31 December 2012: EUR 33,106 thousand). The Group did not have any temporarily idle items at 31 December 2013 or 2012.

At 31 December 2013 and 2012, the Group had no material firm intangible asset purchase commitments.

Certain Group companies have intangible assets that must be handed over to the Government at the end of the related concession terms. The detail of the carrying amount of the assets subject to reversion at 31 December 2013 and 2012 is as follows:

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

	2012 – Thousands of euros		
	Gross cost	Accumulated amortisation/ Provisions	Net cost
Applus Iteuve Euskadi, S.A.U.	996	(902)	94
LGAI Technological Center, S.A.	14,200	(12,289)	1,911
<b>Total</b>	<b>15,196</b>	<b>(13,191)</b>	<b>2,005</b>

## 6. Impairment of assets

The Parent's management reviews the business performance by business type and geographical area. As a result of these tests, impairment losses of EUR 119,167 thousand were recognised in 2013 (2012: EUR 18,101 thousand), which relate to the following line items:

	2013	2012
Goodwill	81,285	18,101
Intangible Assets	37,882	-
<b>Impairment provision</b>	<b>119,167</b>	<b>18,101</b>
Deferred Tax	(11,363)	-
<b>Total</b>	<b>107,804</b>	<b>18,101</b>

As a result of this impairment, EUR 11,363 thousand of deferred tax liabilities were reversed (2012: no amount reversed since all the impairment related to goodwill) (see Note 20.4).

The impairment of intangible assets in 2013, excluding the tax effect, relates to the following items:

	2013
Trademarks	18,025
Administrative concessions	13,022
Administrative authorisations	6,835
<b>Total</b>	<b>37,882</b>

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

### Cash-generating unit-

	Thousands of euros	
	2013	2012
Norcontrol	11,370	-
Auto Finland	52,782	-
Auto US	17,133	-
RTD Europe	-	18,101
<b>Total impairment losses on goodwill</b>	<b>81,285</b>	<b>18,101</b>
Auto Finland	8,115	-
Auto US	5,972	-
RTD Europe	16,744	-
Auto Spain	7,051	-
<b>Total impairment losses on intangible assets</b>	<b>37,882</b>	-
<b>Total impairment losses</b>	<b>119,167</b>	<b>18,101</b>

*Geographical area-*

	2013	2012
Spain	18,421	-
Rest of Europe	77,641	18,101
US and Canada	23,105	-
<b>Total</b>	<b>119,167</b>	<b>18,101</b>

**Impairment test assumptions**

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

a) Perpetuity growth rate:

For the perpetuity growth rate it has been considered that the cash flows generated by each asset grow to an equivalent growth of each industry in the geographical area where established (see following table):

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

In the specific case of Norcontrol, a perpetuity growth rate of 1.8% for Spain and 5% for Latin America was estimated. In the latter case, the growth rate coincides with the long-term inflation projections published by the Economist Intelligence Unit for the countries in this geographical region where the Group operates.

As described in Note 3-d, five-year projections and a perpetuity rate of return from the sixth year are used for businesses with indefinite lives. Projections adjusted to the actual term of the related contract are used for assets related to the provision of services or concessions with definite lives and, in this case, neither the probability of their renewal or, therefore, a perpetuity return are taken into account in the preparation of the cash flows.

b) Discounted rate:

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

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

The external information sources used to calculate the discount rates (WACC) were Capital IQ and Bloomberg.

The details of the discounted rate ("WACC") and the perpetuity growth rate by business and geographical area for 2013 are as follows:

- By business:

Business	After tax discounted rate ("WACC")	Before tax discounted rate ("WACC")	Growth rate considering in the calculation of the terminal value ("g")
Auto	6.9%-7.9%	9.8%-11.6%	1.8%-2.5%
RTD	8.0%-8.4%	10.9%-11.4%	2.0%-2.6%
Velosi	9.50%	11.1%	2.50%
Norcontrol	8.0%-13.7%	11.3%-18.3%	1.8%-5.0%
Laboratories	7.40%	9.6%	1.80%
Idiada	8.90%	11.90%	1.80%

- By region:

Region	After tax discounted rate ("WACC")	Before tax discounted rate ("WACC")	Growth rate considering in the calculation of the terminal value ("g")
Spain	7.6%-8%	10.5%-11.3%	1.80%
Rest of Europe	7.4%-8.4%	9.8%-11.0%	1.8%-2.1%
United States and Canada	6.9%-8.0%	11.4%-11.6%	2.50%
Latin America	13.70%	18.3%	5.00%
Asia Pacific	8.40%	10.9%	2.60%

c) EBITDA Five-year projections:

Applus Group management prepares and updates a business plan by geographical market and line of business. The main components of this plan are projections on operating income and expenses, investments and working capital. The business plan prepared by the management and approved by the Board of Directors of the Parent includes the budget for 2014 together with the projections for 2015-2018.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined using the business plan for 2014-2018 prepared by the management and approved by the Board of Directors of the Parent.

The business plan and, consequently, the projections were prepared on the basis of past experience and on the best estimates available. Consequently, the forecast increases in sales and margins reflect a continuity of the increases in activity seen in recent years at the various businesses while also considering the best estimates available on the developments expected in the industries in which the Applus Group is present. In 2013 the Group had more detailed information available for the coming years on each cash-generating unit, which enabled the impairment test to be performed with a five-year cash flow projection and a perpetuity rate of return, instead of considering the following year's budget and a 25-year projection. This change did not have a material effect on the fair value estimate.

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

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

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

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

Any impact estimated by the directors arising from the outcome of litigation and the contingencies the Group is exposed to was taken into account in the cash flow projections used to calculate the recoverable value of each asset, including goodwill, especially in the case of Auto España (see below under "Sensitivity and Sufficiency Analysis").

### ***Justification of key assumptions***

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

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

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

### ***Significant considerations relating to impairment tests***

The main issues that were considered by the directors of the Parent in determining cash flow projections and that were key to determining the recognition of impairment on the goodwill and intangible assets of certain cash-generating units were as follows:

#### **- Auto Finland:**

Competition in this country behaved very differently from that envisaged in the Group's business plan and is causing significant reductions to the average price of inspections and, therefore, drops in margins. The plan prepared by the Group in 2012 to revitalise the business did not have the expected impact on profits in 2013 and, as a result, the directors decided to adjust their future business forecasts. The consideration in the impairment tests of the new business forecasts (estimated annual reductions to income of between -1% and -5% and the deterioration of operating margins, among other factors) led to impairment of EUR 60,897 thousand (excluding the tax effect) in 2013, of which EUR 52,782 thousand related to goodwill and EUR 8,115 thousand to intangible assets (administrative authorisations and trademarks).

#### **- Auto Spain:**

In 2013 impairment losses of EUR 7,051 thousand were recognised on intangible assets relating to the Auto Euskadi administrative concession. The impairment arose from the partial loss, in October 2013, of the vehicle inspection business in the Basque Country due to the loss of a group of facilities as a result of the Basque Autonomous Community Government's enforcement of a decision handed down on the litigation involving the Group and the competitors in the initial tender for the service (see Note 27.b). This matter had no effect on goodwill, since the projected cash flows of the Automotive Spain business (level at which the directors manage goodwill, see Note 3.d) support the carrying amount of the related assets.



- Auto US:

The average duration of the programmes in the US is five to seven years (plus the possible extensions, which are generally for two years). Given the new evidence seen in the renewal of certain of the programmes in the US and the evolution of the cash flows associated with certain programmes that were measured at fair value at the date of the business combination (administrative concession, see Note 3.d), the cash flows for future years were re-estimated, which gave rise to an impact on 2013 impairment of EUR 23,105 thousand (excluding the tax effect), of which EUR 17,133 thousand related to goodwill and EUR 5,972 thousand to intangible assets.

- Norcontrol:

Due to the economic situation in Spain in recent years, Norcontrol's sales and business margins in Spain have not yet shown obvious signs of recovery, a fact that is shown in the new business plan prepared by management for 2014 and 2015. This factor has reduced and delayed the growth initially expected, which gave rise to impairment of EUR 11,370 thousand in 2013 that related solely to goodwill.

- RTD Europe:

The cash flows estimated when the impairment test projections were prepared include the impact of a reduction in future income below the amount previously considered in previous years in the calculation of the fair value of the brand at the date of the business combination. This reduction in income arose from the re-estimation, performed by the Group in 2013, of the average life of business relationships with customers, one of the key assumptions considered in the calculation of the value of the brand. The impact on the impairment of the brand in this connection amounted to EUR 16,744 thousand in 2013 (excluding the tax effect). The new estimate made by the Group in 2013 of the average life of the business relationship of certain customers of the RTD Europe cash-generating unit (which gave rise to the impairment recognised in 2013) did not modify the useful life of the RTD trademark in Europe, which continues to be estimated at 25 years.

Sensitivity Analysis

For all goodwill, if the recoverable amount calculated based on value in use were subjected to an analysis of the sensitivity of the change in the discounted rate ("WACC"), of the perpetual growth rate ("g") or of the projections (EBITDA), the changes, by cash-generating unit, in the Group's earnings (excluding the tax effect) would be as follows:

a) *Change in discounted rate ("WACC") after taxes by 0.5 and 1 points:*

1 point WACC decrease	0.5 point WACC decrease	Sensitivity per Cash- Generating Units	0.5 point WACC increase	1 point WACC increase
-	-	AUTO Spain	-	-
-	-	AUTO Denmark	-	-
8,115	4,196	AUTO Finland	(3,509)	(6,488)
16,744	15,982	RTD Europe	(16,215)	(30,230)
-	-	Velosi	-	-
-	-	RTD US and Canada	-	-
-	-	Idiada	-	-
-	-	Norcontrol Spain	(7,347)	(13,651)
-	-	LGAI	-	-
-	-	RTD Asia Pacific	-	-
2,182	1,092	AUTO US	(2,755)	(5,219)
-	-	Norcontrol Latam	-	-
<b>27,041</b>	<b>21,270</b>	<b>TOTAL</b>	<b>(29,826)</b>	<b>(55,588)</b>

b) Change in the perpetuity growth rate ("g") by 0.2 and 0.8 points

0.8 point perpetuity growth rate increase	0.2 point perpetuity growth rate increase	Sensitivity per Cash-Generating Units	0.2 point perpetuity growth rate decrease	0.8 point perpetuity growth rate decrease
-	-	AUTO Spain	-	-
-	-	AUTO Denmark	-	-
6,184	1,374	AUTO Finland	(1,280)	(4,641)
16,744	5,045	RTD Europe	(4,737)	(17,345)
-	-	Velosi	-	-
-	-	RTD US and Canada	-	-
-	-	Idiada	-	-
-	-	Norcontrol Spain	(1,276)	(4,661)
-	-	LGAI	-	-
-	-	RTD Asia Pacific	-	-
2,765	730	AUTO US	(682)	(2,632)
-	-	Norcontrol Latam	-	-
<b>25,693</b>	<b>7,149</b>	<b>TOTAL</b>	<b>(7,975)</b>	<b>(29,279)</b>

c) Change of 5% and 10% in annual EBITDA projections

10% Ebitda increase	5% Ebitda increase	Sensitivity per Cash-Generating Units	5% Ebitda decrease	10% Ebitda decrease
-	-	AUTO Spain	-	-
-	-	AUTO Denmark	-	-
5,281	2,640	AUTO Finland	(2,641)	(5,282)
16,744	15,982	RTD Europe	(16,917)	(35,358)
-	-	Velosi	-	-
-	-	RTD US and Canada	-	-
-	-	Idiada	-	-
-	-	Norcontrol Spain	(8,881)	(17,762)
-	-	LGAI	-	-
-	-	RTD Asia Pacific	-	-
5,972	5,968	AUTO US	(6,847)	(12,900)
-	-	Norcontrol Latam	-	-
<b>27,997</b>	<b>24,590</b>	<b>TOTAL</b>	<b>(35,286)</b>	<b>(71,302)</b>

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

The sufficiency of impairment at 31 December 2013 to reductions in the EBITDA percentage and WACC after tax and the perpetuity return which balances the carrying amount with the recoverable amount, with regard to the cash-generating units whose impairment is not affected by the sensitivity used above is as follows:

Cash Generating Unit	EBITDA percentage reduction that causes impairment	WACC after tax that causes impairment	Perpetuity return (g) that causes impairment
AUTO Spain	11%	8.9%	Negative
AUTO Denmark	22%	11.3%	Negative
Velosi	58%	26.6%	Negative
RTD US and Canada	33%	13.6%	Negative
Idiada	46%	18.6%	Negative
LGAI	12%	8.6%	0.2
RTD Asia Pacific	36%	14.0%	Negative
Norcontrol Latam	17%	16.2%	Negative

The Parent's directors consider that, given the existing sufficiency, any possible adverse impact of the outcome of the litigation related to Auto España (especially that related to authorisation in Catalonia, see Note 27-b) would not materially affect the impairment of the net assets allocated to this cash-generating unit.

## 7. Property, plant and equipment

The changes in 2013 and 2012 in the various property, plant and equipment accounts and in the related accumulated depreciation and impairment losses were as follows:

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

	2012 – Thousands of euros						
	Balance at 1 January 2012	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 2012
<b>Cost:</b>							
Land and buildings	133,805	(334)	4,247	(459)	(1,189)	113	136,183
Plant and machinery	186,607	3,475	24,089	(845)	2,049	237	215,612
Other fixtures, tools and furniture	57,561	16,340	2,855	(1,914)	(1,171)	88	73,759
Other items of property, plant and equipment	45,862	1,140	13,282	(1,909)	2,980	(97)	61,258
Advances and property, plant and equipment in the course of construction	6,349	-	4,811	(44)	(3,493)	(22)	7,601
Grants	(2,253)	-	138	94	824	-	(1,197)
<b>Total cost</b>	<b>427,931</b>	<b>20,621</b>	<b>49,422</b>	<b>(5,077)</b>	<b>-</b>	<b>319</b>	<b>493,216</b>
<b>Accumulated depreciation</b>							
Land and buildings	(47,723)	(87)	(3,732)	249	8,858	182	(42,253)
Plant and machinery	(133,526)	(2,951)	(16,563)	1,751	(998)	383	(151,904)
Other fixtures, tools and furniture	(42,447)	(6,218)	(3,809)	2,023	6,189	142	(44,120)
Other items of property, plant and equipment	(33,575)	(2,657)	(7,914)	1,480	(13,823)	(192)	(56,681)
<b>Total Accumulated depreciation</b>	<b>(257,271)</b>	<b>(11,913)</b>	<b>(32,018)</b>	<b>5,503</b>	<b>226</b>	<b>515</b>	<b>(294,958)</b>
<b>Provision</b>	<b>(270)</b>	<b>-</b>	<b>(405)</b>	<b>-</b>	<b>(405)</b>	<b>(612)</b>	<b>(1,692)</b>
<b>Total net value</b>	<b>170,390</b>	<b>8,708</b>	<b>16,999</b>	<b>426</b>	<b>(179)</b>	<b>222</b>	<b>196,566</b>

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

In 2013 the subsidiary Applus Iteuve Euskadi, S.A.U. derecognised EUR 3,514 thousand as a result of the loss of the concession of certain testing centres operated by ITV Euskadi, S.A. in October 2013, thus generating a loss of EUR 167 thousand (see Note 27.b).

In 2013 Applus Technologies, Inc. disposed of fully depreciated items of property, plant and equipment for EUR 7,705 thousand.

The translation differences gave rise to an adverse impact on the cost of the assets, which was due mainly to changes in the exchange rates of the US dollar, the Canadian dollar and the Australian dollar.

In 2012 the additions related basically to plant and machinery amounting to EUR 24,089 thousand, which were acquired in the course of the Group's normal operations. Also, additions to land and buildings amounting to EUR 4,247 thousand were recognised, of which EUR 2,242 thousand related to land and buildings acquired in Spain by the Group company Applus ITV Technology, S.L.U. for vehicle roadworthiness testing in the autonomous community of Madrid.

In 2012 the additions to "Other Items of Property, Plant and Equipment" amounting to EUR 13,282 thousand related mainly to the acquisition of items of transport equipment totalling EUR 7,472 thousand.

The changes in the scope of consolidation in 2012 related mainly to the assets acquired in the integration of the Velosi Group into the Applus Group, amounting to EUR 9,279 thousand (see Note 2.b.e.1).

The gross value of fully depreciated items of property, plant and equipment in use at 31 December 2013 amounted to EUR 119,100 thousand (31 December 2012: EUR 113,777 thousand). The Group did not have any temporarily idle items at 31 December 2013 or 2012.

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

At 31 December 2013 and 2012, the Group did not have any significant firm property, plant and equipment purchase commitments.

Certain Group companies have property, plant and equipment items that must be handed over to the Government at the end of the related concession terms. The detail of the carrying amount of the assets subject to reversion at 31 December 2013 and 2012 is as follows:

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

	2012 - Thousands of euros		
	Gross cost	Accumulated depreciation/ Impairment losses	Carrying amount
Applus Iteuve Technology, S.L.U.	39,776	(33,594)	6,182
Idiada Automotive Technology, S.A.	26,886	(14,843)	12,043
Applus Iteuve Euskadi, S.A.U.	5,704	(3,542)	2,162
<b>Total</b>	<b>72,366</b>	<b>(51,979)</b>	<b>20,387</b>

The detail of the most significant items of property, plant and equipment located outside Spain at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
<b>Cost:</b>		
Land and buildings	68,341	72,124
Plant and machinery	116,181	114,387
Other fixtures, tools and furniture	9,258	13,787
Other items of property, plant and equipment	53,664	44,206
Advances and property, plant and equipment in the course of construction	502	1,427
<b>Total Cost</b>	<b>247,946</b>	<b>245,931</b>
<b>Accumulated depreciation</b>	<b>(143,128)</b>	<b>(138,730)</b>
<b>Total carrying amount</b>	<b>104,818</b>	<b>107,201</b>

The detail of the main assets held by the Group under finance leases at 31 December 2013 and 2012 is as follows:

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

	Average lease term (years)	Average number of years elapsed	2012 - Thousands of euros				
			Original cost including purchase option	Lease payments paid		Lease payments outstanding	Value of purchase option
				Prior years	2012		
Plant and machinery	5	3	1,181	1,261	309	257	-
Computer hardware	3	2	2,769	17	22	2,097	-
Transport equipment	4	2	13,216	2,466	1,964	7,959	1,006
<b>Total assets held under finance lease</b>			<b>17,166</b>	<b>3,744</b>	<b>2,295</b>	<b>10,313</b>	<b>1,006</b>

## 8. Non-current financial assets

The changes in the various non-current financial asset accounts in 2013 and 2012 were as follows:

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

	2012 - Thousands of euros				
	Balance at 1 January 2012	Changes in the scope of consolidation (Note 2.b.e.4)	Additions or charge for the year	Disposals	Balance at 31 December 2012
Investments in other companies	1,273	3,638	-	(206)	4,705
Fixed-income securities	1	-	9	-	10
Non-current receivables	196	-	1,052	-	1,248
Deposits and guarantees	7,858	-	1,503	(1,493)	7,868
Impairment losses	(668)	-	-	-	(668)
<b>Total</b>	<b>8,660</b>	<b>3,638</b>	<b>2,564</b>	<b>(1,699)</b>	<b>13,163</b>

### Investments in other companies

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

In 2012 the inclusions in the scope of consolidation under "Investments in Other Companies" related to the ownership interests of between 45% and 50% in Velosi (B) Sdn Bhd, Velosi LLC, Rina-V Ltd, Rina-V Projects Certification L.L.C, Kurtec Pipeline Services Ltd, and Kurtec Pipeline Services L.L.C. over which the Group does not exercise control.

The financial information on the "Investments in Other Companies" at the end of 2013 and 2012 is as follows:

	2013 - Thousands of euros				
	Velosi LLC	Velosi (B) Sdn Bhd	Kurtec Pipeline Services Ltd.	Kurtec Pipeline Services, LLC	Total
Participation percentage	50%	50%	45%	45%	
Fixed Assets	1,826	175	30	726	2,757
Current Assets	13,393	1,465	-	1,141	15,999
Liabilities	(6,168)	(1,065)	(49)	(4,196)	(11,478)
<b>Net Assets</b>	<b>9,051</b>	<b>575</b>	<b>(19)</b>	<b>(2,329)</b>	<b>7,278</b>
<b>Turnover</b>	<b>29,717</b>	<b>3,149</b>	<b>-</b>	<b>861</b>	<b>33,727</b>
<b>Profit after Tax</b>	<b>4,773</b>	<b>213</b>	<b>(7)</b>	<b>(764)</b>	<b>4,215</b>

	2012 – Thousands of Euros		
	Velosi LLC	Velosi (B) Sdn Bhd, Kurtec Pipeline Services LLC and Kurtec Pipeline Services, Ltd.	Total
Participation percentage	50%	45%-50%	
Fixed Assets	901	64	965
Current Assets	5,224	680	5,904
Liabilities	(2,630)	(548)	(3,178)
<b>Net Assets</b>	<b>3,495</b>	<b>196</b>	<b>3,691</b>
<b>Turnover</b>	<b>11,302</b>	<b>667</b>	<b>11,969</b>
<b>Profit after Tax</b>	<b>1,543</b>	<b>85</b>	<b>1,628</b>

### Deposits and guarantees

At 31 December 2013, "Deposits and Guarantees" included EUR 3.4 million (31 December 2012: EUR 4.4 million) relating to restricted cash deposits to secure certain contracts entered into.

### 9. Inventories

The detail of the Group's inventories at 31 December 2013 and 2012 is as follows:

	Thousands of Euros	
	31/12/13	31/12/12
Goods held for resale	6,631	7,081
Raw materials and other supplies	635	817
<b>Total inventories</b>	<b>7,266</b>	<b>7,898</b>

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

Obsolete, defective or slow-moving inventories were reduced to realisable value. The inventories will be realised in less than twelve months. The Group did not recognise any inventory write-downs since inventories are derecognised when they are found to be defective or obsolete.



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

The detail of these current asset headings in the accompanying consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousands of Euros	
	31/12/2013	31/12/2012
Trade receivables for sales and services	319,762	315,410
Work in progress	55,958	42,797
Write-downs for traffic operations	(20,025)	(22,664)
<b>Trade receivables for sales and services</b>	<b>355,695</b>	<b>335,543</b>
Trade receivables from related companies (Note 28)	4,198	5,106
Other receivables	17,742	15,811
Other receivables from Public Administrations	10,203	10,959
<b>Trade receivables and other receivables</b>	<b>387,838</b>	<b>367,419</b>

The Group's average collection period for services rendered was approximately 54 days in 2013 (2012: 56 days). The Group does not charge interest on receivables with current maturity.

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

	Thousands of Euros	
	31/12/2013	31/12/2012
Not past- due	213,368	237,012
0-30 days	46,792	36,318
31-90 days	24,119	17,203
91-180 days	11,858	6,689
181-360 days	9,107	6,635
More than 360 days	14,518	11,553
<b>Total clients for sales and services</b>	<b>319,762</b>	<b>315,410</b>
<b>Bad debt provisions</b>	<b>(20,025)</b>	<b>(22,664)</b>
<b>Customer receivables for sales and services</b>	<b>299,737</b>	<b>292,746</b>

"Works in progress" relates to amounts, measured at sale price, to be billed for work units, for which Group management considers that there is reasonable assurance of their being ultimately certified (see Note 3.s).

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

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

### Credit risk

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

Interest rate derivative transactions are only arranged with banks with high credit ratings.

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

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

However, the Group's financial management considers credit risk to be key to day-to-day management of the business and focuses its efforts on controlling and supervising receivables and doubtful debts, particularly in the industries with a higher risk of insolvency. In 2013 and 2012 particular attention was paid to monitoring and recovering past-due receivables and a detailed analysis of customers with associated insolvency or default risks was performed.

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

The changes in 2013 and 2012 in the allowance for doubtful debts were as follows:

	Thousands of Euros
<b>Balance at 1 January 2012</b>	<b>13,900</b>
Additions	8,719
Amounts used	(4,462)
Disposals	(4,275)
Changes in the scope of consolidation (Note 2.b.e.4)	8,782
<b>Balance at 31 December 2012</b>	<b>22,664</b>
Additions	8,890
Amounts used	(7,284)
Disposals	(3,670)
Changes due to the exchange rate	(575)
<b>Balance at 31 December 2013</b>	<b>20,025</b>

In 2013 the Group derecognised EUR 3,670 thousand of provisioned accounts receivable (2012: EUR 4,275 thousand) since they were considered to be uncollectible.

## **11. Current financial assets and cash and cash equivalents**

### **Current financial assets**

At 31 December 2013, the amount included short-term deposits and guarantees amounting to EUR 2,444 thousand (31 December 2012: EUR 1,864 thousand) and other financial assets of EUR 404 thousand (31 December 2012: EUR 959 thousand).

### **Cash and cash equivalents**

At 31 December 2013 and 2012, the amount classified as "Cash and Cash Equivalents" in the accompanying consolidated balance sheet related in full to cash, except for EUR 1,658 thousand (2012: EUR 5,665 thousand) that related to three deposits with a term of less than three months.

## 12. Equity

The changes in 2013 and 2012 in "Equity" in the accompanying consolidated balance sheet were as follows:

	Thousands of euros	
	2013	2012
<b>Beginning balance</b>	<b>390,399</b>	<b>(979)</b>
Capital increases and share premium		
Conversion of loans into capital (Note 15)	106,832	341,004
Business combinations (Note 2.b.e.4.1)	-	102,213
Changes in retained earnings and other reserves	214	(9,438)
Changes in foreign currency translation reserve	(8,912)	(301)
Adjustments due to the re-measurement of derivatives (Nota 16)	4,882	14,117
Consolidated net loss for the year	(170,079)	(69,157)
Changes in non-controlling interests	(87)	12,940
<b>Balance at 31 December</b>	<b>323,249</b>	<b>390,399</b>

### a) Share capital and share premium

At 31 December 2013 and 2012, the shareholders of the Parent were as follows:

Company	31/12/13	31/12/12
Azul Finance S.à.r.l.	61.72%	58.30%
Azul Holding S.C.A.	38.28%	41.70%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

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

On 29 December 2011, the Parent increased its share capital by EUR 20,000 thousand through the issuance of 20 million new shares of EUR 1 par value each with a share premium of EUR 180,000 thousand, i.e. EUR 9 per share. This capital increase was carried out through the non-monetary contribution of a portion of the participating loan that Azul Finance S.à.r.l. had granted to the Parent (see Note 15). The value of the amount of the aforementioned loan converted into capital was its fair value on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

On 21 December 2012, the shareholders increased the Parent's share capital by EUR 238,765 thousand through the issuance of 238,764,894 shares of EUR 1 par value each with a share premium of EUR 7,235 thousand, i.e. EUR 0.0303033 per share. Both the shares and the share premium were fully subscribed and paid by Azul Holding S.C.A. through the non-monetary contribution of the shares representing all of the share capital of Azul Holding S.à.r.l. valued at EUR 246,000 thousand.

The aforementioned non-monetary contribution qualified for taxation under the special tax regime for mergers, spin-offs, asset contributions, security exchanges and changes of registered office of a European Company or a European Cooperative Society from one EU Member State to another provided for in Chapter VIII of Title VII of Legislative Royal-Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Law, as a security exchange defined in Articles 83.5 and 87. All of the information relating to this process is disclosed in the separate financial statement of the Parent for 2012.

Also, on 21 December 2012, the Parent increased share capital by EUR 330,975 thousand through the issuance of 330,975,863 new shares of EUR 1 par value each with a share premium of EUR 10,029 thousand, i.e. EUR 0.0303033 per share. This capital increase was carried out through the non-monetary contribution of a portion of the participating loan that Azul Finance S.à.r.l. had granted to the Parent (see Note 15).. The value of the amount of the aforementioned loan converted into capital was its fair value on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

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

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

At 31 December 2013, a total of 602,056,357 of the Parent's shares (31 December 2012: 32,315,600 shares) had been pledged as security for the bank loan granted to the Group (see Note 14).

**b) Valuation adjustments**

In 2012 "Valuation adjustments" included EUR 4,882 thousand relating to the impact of the measurement at fair value, net of the related tax effect, of the derivative financial instruments arranged by the Group. On 1 October 2013, the interest rate hedging instruments that the Group had arranged with banks expired (see Note 16).

**c) Profit / (Loss) per share**

The loss per share is calculated on the basis of the loss attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year. At 31 December 2013 and 2012 the loss per share was as follows:

	2013	2012
Number of shares	655,962,642	602,056,357
Average number of shares	603,828,618	47,924,936
Consolidated net loss attributable to the Parent (thousands of euros)	(170,079)	(69,157)
Number of treasury shares	-	-
Number of shares in circulation	655,962,642	602,056,357
Loss per share (in euros per share)		
- Basic	(0.282)	(1.443)
- Diluted	(0.282)	(1.443)

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

**d) Foreign currency translation reserve**

The detail of "Foreign currency translation reserve" in the consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Libertytown USA 1, Inc. subgroup	(9,778)	(11,924)
Arctosa Holding, B.V. subgroup	(4,194)	(1,996)
Velosi S.à.r.l. subgroup	(2,511)	-
Applus Iteuve Technology, S.L.U. subgroup	(1,542)	2,183
Applus Argentina, S.A.	(458)	(320)
Idiada Automotive Technology, S.A. subgroup	125	657
LGAI Technological Center, S.A. subgroup	620	2,449
Other	(206)	(81)
<b>Total</b>	<b>(17,944)</b>	<b>(9,032)</b>

**e) Capital risk management**

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

The data relating to the financial leverage ratios at the end of 2013 and 2012 are as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Bank borrowings	1,108,347	1,114,509
Other financial liabilities	29,400	28,030
Current financial assets	(2,848)	(2,823)
Cash and cash equivalents	(180,877)	(141,426)
<b>Net financial debt</b>	<b>954,022</b>	<b>998,290</b>
Equity	323,249	390,399
Participating loan	-	92,448
<b>Total equity and participating loan</b>	<b>323,249</b>	<b>482,847</b>
<b>Leverage (Net financial debt / Net debt + equity+ participating loan)</b>	<b>75%</b>	<b>67%</b>

### 13. Non-controlling interests

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

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

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

	2012 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	11,459	(36)	11,423
Applus Iteuve Technology, S.L.U. subgroup	144	(116)	28
Idiada Automotive Technology, S.A. subgroup	4,426	2,593	7,019
RTD subgroup	1,373	328	1,701
Velosi subgroup	14,472	145	14,617
<b>Total non-controlling interests</b>	<b>31,874</b>	<b>2,914</b>	<b>34,788</b>

The changes in "Non-controlling interests" in 2013 and 2012 are summarised as follows:

	Thousands of euros	
	2013	2012
<b>Beginning balance</b>	<b>34,788</b>	<b>21,848</b>
Changes in the scope of consolidation (Note 2.b.e.1)	(1,521)	14,472
Other changes	(70)	(436)
Dividends	(2,548)	(4,000)
Translation differences	(515)	(10)
Profit for the year	4,567	2,914
<b>Ending balance</b>	<b>34,701</b>	<b>34,788</b>

#### 14. Bank borrowings

The detail, by maturity, of the bank borrowings in the accompanying consolidated balance sheets at 31 December 2013 and 2012 is as follows:

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

	2012 – Thousands of euros						
	Limit	Current maturity	Non-current maturities				Total
			2014	2015	2016	Other	
Syndicated loan	1,058,550	3,029	8,146	-	771,037	293,599	1,072,782
Other loans	-	7,134	24	24	24	496	568
Credit facilities	37,134	10,660	-	-	-	-	-
Obligations under finance leases	-	4,089	3,430	2,404	1,237	159	7,230
Other financial liabilities	-	2,267	-	-	-	-	-
Hedging instruments (Note 16)	-	6,750	-	-	-	-	-
<b>Total</b>	<b>1,095,684</b>	<b>33,929</b>	<b>11,600</b>	<b>2,428</b>	<b>772,298</b>	<b>294,254</b>	<b>1,080,580</b>

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

The tranches have a single maturity at the end of the related term and may be repaid early, except for the Capex Facility, the amount drawn down against which is being repaid in six equal half-yearly instalments from May 2012.

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

As a result, two tranches were created in the Capex Facility and in the Revolving Facility: tranche 1 with the same terms and conditions as those established on 27 November 2007, while tranche 2 has the terms and conditions established in the refinancing agreement entered into on 21 November 2012.

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

**2013**

Tranche	Thousands of euros		Maturity
	Limit	Amount drawn down + interest added to principal	
Facility B	610,000	610,000	29/05/2016
Second Lien Facility (Senior D)	100,000	100,000	29/05/2017
Revolving Facility 1	10,500	5,281	29/11/2014
Revolving Facility 2	64,500	32,441	25/05/2016
Capex Facility 1	5,800	2,900	29/05/2014 - 29/11/2014
Capex Facility 2	117,750	117,750	25/05/2016
Mezzanine Facility	150,000	150,000	29/11/2017
Interest added to principal– Mezzanine Facility	-	53,539	
Effect of exchange rate changes	-	8,665	
Debt arrangement expenses	-	(5,846)	
<b>Total</b>	<b>1,058,550</b>	<b>1,074,730</b>	

**2012**

Tranche	Thousands of euros		Maturity
	Limit	Amount drawn down + interest added to principal	
Facility B	610,000	610,000	29/05/2016
Second Lien Facility (Senior D)	100,000	100,000	29/05/2017
Revolving Facility 1	10,500	5,281	29/11/2014
Revolving Facility 2	64,500	32,441	25/05/2016
Capex Facility 1	5,800	5,800	29/05/2012 - 29/11/2014
Capex Facility 2	117,750	117,750	25/05/2016
Mezzanine Facility	150,000	150,000	29/11/2017
Interest added to principal– Mezzanine Facility	-	43,599	
Effect of exchange rate changes	-	19,598	
Debt arrangement expenses	-	(8,748)	
<b>Total</b>	<b>1,058,550</b>	<b>1,075,721</b>	

At 31 December 2013 and 2012, the Group had drawn down a portion – USD 215 million (31 December 2013: EUR 156 million and 31 December 2012: EUR 163 million, approximately) against the principal in USD of the Facility B tranche, which totals EUR 610 million.

At 31 December 2013 and 2012, the Group had drawn down a portion against the principal of the Capex Facility tranche in USD: USD 67.7 and USD 69.5 million, respectively (31 December 2013: EUR 49.2 million and 31 December 2012: EUR 52.8 million, approximately) and in GBP: GBP 20 million at 31 December 2013 and GBP 20.5 million at 31 December 2012 (approximately EUR 23.7 million at 31 December 2013 and EUR 25.3 million at 31 December 2012).

The syndicated loan agreement establishes certain covenants including most notably the obligation to achieve certain financial ratios based on the consolidated figures of certain companies, which were being achieved at 31 December 2013 and 2012.



The main financial ratios to be achieved by the Group are as follows:

- The Consolidated EBITDA/Finance costs ratio must exceed certain values set for each quarter throughout the term of the loan. The ratio set for each quarter is increasingly restrictive. At 31 December 2013, the aforementioned ratio had to exceed 2.42. The actual ratio stood at 4.51 at 31 December 2013.
- The Net consolidated debt/Consolidated EBITDA ratio must not exceed certain values set for each quarter throughout the term of the loan. The ratio set for each quarter is increasingly restrictive. At 31 December 2013, the aforementioned ratio had to be lower than 6.23. The actual ratio stood at 3.67 at 31 December 2013.

The agreement also establishes restrictions on the payment of dividends, the incorporation or acquisition of companies, the arrangement of additional borrowings, transactions with financial derivatives and the disposal or acquisition of assets.

In prior years, the Parent arranged certain interest rate hedges for the aforementioned loan. On 1 October 2013, these interest rate hedges expired and the Parent's directors decided not to renew them. The information on the Group's hedging financial instruments is disclosed in Note 16.

To secure compliance with the obligations associated with the aforementioned loan, a share pledge was granted over 602,056,357 shares (31 December 2012: 32,315,600 shares) of the Parent and over the shares of certain subsidiaries of the Group (see Note 12).

The interest rates on the credit facilities and loans are tied to Euribor and Libor.

The detail of the main current and non-current bank borrowings at 31 December 2013 and 2012, by currency and excluding hedging instruments, is as follows:

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

	2012 - Thousands of euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	820,428	230,026	25,267	-	-	-	1,075,721
Other loans	181	231	-	7,044	-	336	7,792
Credit facilities	505	-	-	7,104	2,796	254	10,659
Obligations under finance leases	35	10,351	-	608	54	271	11,319
Other financial liabilities	2,267	-	-	-	-	-	2,267
<b>Total</b>	<b>823,416</b>	<b>240,608</b>	<b>25,267</b>	<b>14,756</b>	<b>2,850</b>	<b>861</b>	<b>1,107,758</b>

## 15. Participating loan and other non-current financial liabilities

The detail of the related headings in the accompanying consolidated balance sheet at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Participating loan	-	92,172
Interest on participating loan	-	276
<b>Total participating loan</b>	-	<b>92,448</b>
Payable due to reversion (Note 27.a)	16,025	16,025
Other non-current financial liabilities	13,375	12,005
<b>Total other non-current financial liabilities</b>	<b>29,400</b>	<b>28,030</b>
<b>Total</b>	<b>29,400</b>	<b>120,478</b>

At 31 December 2012, "Participating loan" related to a participating loan for an initial amount of EUR 369,375 thousand granted to the Parent on 29 November 2007 by Azul Finance S.à r.l. and maturing on 27 November 2019.

On 21 December 2012, the Parent increased share capital by EUR 330,975 thousand through the issuance of 330,975 thousand new shares of EUR 1 par value each with a share premium of EUR 10,029 thousand, i.e. EUR 0.03 per share. The aforementioned capital increase was carried out through the non-monetary contribution of the participating loan granted by Azul Finance S.à r.l. to the Parent and accrued interest amounting to EUR 77,196 thousand and EUR 263,808 thousand, respectively. The value of the amount of the aforementioned loan converted into capital was its fair value, on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

On 20 December 2013, the Parent increased capital by EUR 53,906 thousand with a share premium of EUR 52,926 thousand. The aforementioned capital increase was carried out by converting into capital the entire participating loan granted by Azul Finance S.à r.l. to the Parent and the accrued interest amounting to EUR 92,178 thousand and EUR 14,351 thousand, respectively. The nominal value of the amount of the aforementioned loan converted into capital was its market value, on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

The effective interest rate on the loan in 2013 was 16% (2012: 10.89%).

"Payable due to reversion" for 2013 and 2012 includes the provisions for the guarantees covering the reversion of land on which certain vehicle roadworthiness testing centres are located, amounting to EUR 16,025 thousand (see Note 27.a).

"Other financial liabilities" includes mainly various loans with favourable terms and conditions that the subsidiaries have been granted by various public bodies, mainly the Centro para el Desarrollo Tecnológico e Industrial (CDTI) and Institut Català de Finances (ICF).

## **16. Financial risks and Derivative financial instruments**

### **Financial risk management policy**

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

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

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

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

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

#### **a) Foreign currency risk**

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

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

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

#### **b) Interest rate risk**

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

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

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

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

	<b>2013</b>	<b>2012</b>
Average interest rate	4.56%	6.13%
Average disposal of financial liabilities (thousands of euros)	1,083,942	1,078,871

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

	2013		2012	
Change in interest rate	0.50%	-0.50%	0.50%	-0.50%
Change in financial cost (thousands of euros)	4,373	(4,373)	3,994	(3,994)

### c) *Liquidity risk*

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

The Group takes various preventative measures to manage liquidity risk:

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

### Hedging instruments arranged

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

In 2013 and 2012 the only derivatives held by the Appplus Group were interest rate derivatives.

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

On 1 October 2013, the last two derivatives arranged by the Group with banks expired and the Parent's directors decided not to renew these interest rate hedges. Therefore, the Group did not have any derivative financial instruments at 31 December 2013.

The financial instruments arranged by the Group (all of which relate to the Parent) and in force at 31 December 2012 were as follows:

Financial instrument	Start date	Maturity	Notional amount	Currency hedged	Fair value (in thousands of euros)	Nominal outstanding 2013	Fixed rate	Floating rate
IRS	01/10/10	01/10/13	180,000	EUR	(4,287)	180,000	3.33%	90-day Euribor
IRS	01/10/10	01/10/13	100,000	EUR	(2,463)	100,000	3.43%	90-day Euribor
<b>Total</b>					<b>(6,750)</b>			

The cash flow hedging relationships designated with these foreign currency hedges were considered to be highly effective and, accordingly, the Group recognised the fair value thereof in equity. Since the effectiveness of all the hedges has been verified, no amounts were recognised in relation to ineffective hedges in profit or loss for 2012.

The objective of these interest rate hedges is to mitigate, by arranging fixed-for-floating interest rate swaps, the fluctuations in cash outflows in respect of payments tied to floating interest rates (Euribor and USD Libor) on the Group's borrowings.

## **17. Long-term provisions**

The detail of "Long-Term Provisions" in 2013 and 2012 was as follows:

	31/12/2013	31/12/2012
Long-term personnel liabilities	5,260	5,681
Other concepts	7,501	3,284
<b>Long-Term provisions</b>	<b>12,761</b>	<b>8,965</b>

The changes in "Long-Term Provisions" in 2013 and 2012 were as follows:

	Thousands of euros
<b>Balance at 1 January 2012</b>	<b>4,665</b>
Changes in the scope of consolidation (Note 2.b.e.4)	2,696
Charge for the year	1,604
<b>Balance at 31 December 2012</b>	<b>8,965</b>
Charge for the year	4,902
Amounts used	(912)
Changes by exchange rate	(194)
<b>Balance at 31 December 2013</b>	<b>12,761</b>

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

### a) Liabilities to staff

Pension plans and other employee obligations to Velosi staff amounting EUR 2,949 thousand and to RTD staff amounting EUR 2,311 thousand.

Pension plans in RTD correspond to premiums for active employees in recognition of their attachment to the company mainly in the subsidiaries located in Holland, Germany and Belgium. These plans involve the provision of a salary to pay to employees when they turn 25 years actively working in the company and two at age 40. Pension plans in Velosi also correspond to attachment rewards of active employees. The agreements are with employees from companies located mainly in Middle East and Italy.

### b) Other liabilities

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

- A total of approximately EUR 3,600 thousand has also been set aside to cater for any claims that might be made by former employees of the Group.

See Note 20.6 for the main tax litigation and Note 27.b for the other more significant contingencies, which the Group is exposed.

#### **18. Other non-current and current liabilities**

The detail of "Other Non-Current Liabilities" and "Other Current Liabilities" in 2013 and 2012 is as follows:

	31/12/2013	31/12/2012
Unpaid Long-term variable price of shares	8,186	9,538
Other non-current liabilities	1,253	4,278
<b>Other non-current liabilities</b>	<b>9,439</b>	<b>13,816</b>
Unpaid Short-term variable price of shares	6,386	9,783
Other current liabilities	4,218	1,340
<b>Other current liabilities</b>	<b>10,604</b>	<b>11,123</b>
<b>Total Other liabilities</b>	<b>20,043</b>	<b>24,939</b>

In 2013 the Group recognised at long term the provisions relating to the variable portion of the price of the new acquisitions of Testex Inspection LLC and OMS Co Ltd made. In 2013 the Group recognised under "Long-Term Provisions" those relating to the earn-outs of the new acquisitions made, namely Testex Inspection LLC and OMS Co Ltd, for USD 6,000 thousand (EUR 4,360 thousand) and USD 2,000 thousand (EUR 1,453 thousand), respectively (see Note 2.b.e.1.1). In both cases payment is scheduled for 2015.

At 2013 year-end the Group classified at short-term the provisions for the earn-out relating to the acquisition of the subsidiaries QA Management Services PTY Ltd and K2 Specialist Services Pte, Ltd. amounting to EUR 6,073 thousand as they are expected to be paid in 2014.

In addition, in 2013 the Group paid the earn-outs totalling EUR 8,157 thousand of the JDA subgroup (John Davidson & Associates PTY, Ltd., JDA Wokman Limited and PT JDA Indonesia) and the subsidiaries Kiefner & Associates, Inc. and Velosi Corporate Services SDN BHD, companies acquired in prior years.

#### **19. Trade and other payables**

The detail of trade and other payables in 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/2013	31/12/2012
Trade payables	171,529	150,423
Remuneration payable	63,005	45,196
Other payables	55,007	51,899
<b>Total</b>	<b>289,541</b>	<b>247,518</b>

The Group's average payment period in 2013 was 43 days (2012: 46 days).

"Remuneration payable" includes:

- USD 13,000 thousand (31 December 2013: EUR 9,448 thousand, approximately) relating to the maximum amount of the incentive receivable by certain Velosi Group executives if the Group achieves certain financial aggregates in 2011, 2012 and 2013 (see Note 29). At 31 December 2012, "Remuneration payable" included USD 10,000 thousand (31 December 2012: EUR 7,784 thousand, approximately) for the same incentive.

- b) EUR 9,400 thousand relating to the amount of the incentive which certain Group executive have based on the multiple of the return obtained by the current shareholders in the event of divestment, including any admission to listing process (see Note 29).
- c) EUR 3,093 thousand (31 December 2012: EUR 2,154 thousand) relating to the incentives receivable by other senior executives of the Group if the Group achieves certain financial aggregates in 2011, 2012 and 2013 (see Note 29).
- d) EUR 1,250 thousand relating to the amount of the incentive that other Group executives have based on the divestment by the current shareholders of the Group (see Note 29).

In "Other Accounts Payable to Public Authorities" the Group recognised the amounts payable of VAT, social security taxes and personal income tax withholdings.

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

The disclosures required by Additional Provision Three of Law 15/2010, of 5 July, in thousands of euros, relating only to the Group's Spanish companies are as follows:

	Amounts paid and payable at year-end			
	2013		2012	
	Amount	%	Amount	%
Paid in the maximum payment period	58,623	46%	58,771	46%
Remainder	67,636	54%	67,932	54%
<b>Total payments made in the year</b>	<b>126,259</b>	<b>100%</b>	<b>126,703</b>	<b>100%</b>
Weighted average period of late payment (days)	108		111	
Weighted average period of payment (days)	48		36	
Payments at the end of the period not made in the maximum payment period	4,369		7,467	

The figures shown in the foregoing table relate only to the Spanish companies, whose payment period is significantly higher than the Group average of 43 days.

The data shown in the foregoing table on payments to suppliers relate to the suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to "Trade Payables" under "Current Liabilities" in the consolidated balance sheet. However, most of the aforementioned balance payable was paid within the first 30 days of 2014.

Weighted average period of late payment was calculated as the quotient whose numerator is the result of multiplying the payments made to suppliers outside the maximum payment period by the number of days of late payment and whose denominator is the total amount of the payments made in the year outside the maximum payment period. The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 60 days. The maximum payment period applicable in 2012 was 75 days.

## 20. Tax matters

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

The detail of the income tax expense / (benefit) recognised in 2013 and 2012 is as follows (in thousands of euros):

	2013	2012
<b>Current Tax</b>		
Current year	28,032	4,855
Prior years	-	-
<b>Deferred Tax</b>		
Current year	(41,364)	(22,264)
Prior years	(2,627)	(860)
Write-downs (reversals of previous write-downs) of deferred tax assets (Note 20.3)	54,791	757
	<b>10,800</b>	<b>(22,367)</b>
<b>Total income tax expense / (benefit)</b>	<b>38,832</b>	<b>(17,512)</b>

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

	2013	2012
Tax credits	40,286	401
Deductions	(5,912)	316
Temporary differences		
Intangible assets amortisation	(24,496)	(10,407)
Provision for deterioration of the Spanish client portfolio	8,711	-
Other provisions for Spanish companies	(4,009)	-
Financial expenses Spanish companies	(2,626)	(15,855)
Measurement and depreciation of the foreign companies' fixed assets.	2,600	762
Provisions - foreign companies	(2,320)	-
Amortisation	967	-
Others	(2,390)	2,416
<b>Deferred income tax expense / (benefit)</b>	<b>10,800</b>	<b>(22,367)</b>

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

	2013	2012
<b>Profit before income tax</b>	<b>(126,680)</b>	<b>(83,755)</b>
<b>Income tax expense at 30%</b>	<b>(38,004)</b>	<b>(25,127)</b>
<b>Effect of:</b>		
Different tax rates of subsidiaries operating in other jurisdictions	1,253	99
Non-deductible impairment of goodwill	24,386	5,430
Expenses not deductible	6,632	3,930
Income exempt from taxation	(885)	(2,580)
Unused tax losses and tax offsets not recognised as deferred tax assets	(7,268)	(4,959)
Adjustments recognised in the current year in relation to the current tax of prior years	(2,073)	4,794
Write-downs and disposals	54,791	901
<b>Total income tax expense / (benefit)</b>	<b>38,832</b>	<b>(17,512)</b>



## 20.2 Current income tax receivables and payables

The detail of the current income tax receivables and payables is as follows (in thousands of euros):

	31/12/13	31/12/12
<b>Current income tax receivables</b>	<b>12,013</b>	<b>14,004</b>
Income tax prepayments	10,279	6,993
Accounts receivable relating to tax losses	1,734	7,011
<b>Current income tax payable</b>	<b>18,787</b>	<b>19,573</b>
Income tax payables	18,787	19,573

## 20.3 Deferred tax assets

The detail of "Deferred tax assets" at the end of 2013 and 2012 is as follows:

	Thousands of euros	
	31/12/13	31/12/12
Tax loss carryforwards of the Spanish companies	51,557	89,309
Tax loss carryforwards of the US companies	7,319	10,243
Tax loss carryforwards of other foreign companies	1,602	1,212
<b>Tax loss carryforwards</b>	<b>60,478</b>	<b>100,764</b>
Tax credits of the Spanish companies	-	463
Tax credits of foreign companies	10,771	4,396
<b>Unused tax credits</b>	<b>10,771</b>	<b>4,859</b>
Temporary differences due to the non-deductibility of finance costs exceeding 30% from profit from operations pursuant to Royal Decree-Law 12/2012	18,481	15,855
Temporary differences due to finance costs of derivatives (Note 16)	-	1,868
Other temporary differences - Spanish companies	6,775	8,981
Other temporary differences - foreign companies	5,222	5,220
<b>Temporary differences</b>	<b>30,478</b>	<b>31,924</b>
<b>Total deferred tax assets</b>	<b>101,727</b>	<b>137,547</b>

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

At the end of each year the Parent's directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered, assessing all the circumstances and in accordance with the best possible estimate of the Parent's future results, including certain tax planning initiatives. In 2013 certain tax assets recognised in prior years amounting to EUR 54,791 thousand were regularised, the detail being as follows

- Deferred tax assets of EUR 8,606 thousand relating to investment valuation allowances of Spanish companies in application of the new Law 16/2013.
- Tax assets of EUR 46.185 thousand the recovery of which is not considered probable due to their age or to possible discrepancies in the interpretation of the legislation by the tax authorities that might give rise to changes in the tax losses that gave rise to such tax assets (see Note 20.6).

The Spanish companies have 18 tax periods in which to offset the aforementioned tax losses. However, the recognition of the tax assets for accounting purposes took into consideration a shorter time horizon, as established in current accounting legislation. In this respect, the tax assets recognised at 31 December

2013 were recognised because the Parent's directors considered it probable that future profits would be obtained to enable them to be offset in under ten years.

The factors taken into consideration for not derecognising the deferred tax assets, including tax loss carryforwards, tax credits and temporary differences at 31 December 2013, which support their future recoverability, were as follows:

- The Group's business plan approved by the Parent's Board of Directors for 2014-2018 envisages the same trend as hitherto regarding profit growth for 2014 and subsequent years (see the main assumptions of the business plan in Note 31), and such profits will be sufficient to offset all the tax losses over the next five years, including the assumption that all of the tax losses will be able to be offset from 2016 onwards. If it is taken into account that the restrictions on the use of tax assets of only 25% continue indefinitely, it is estimated that all of the tax assets will be recovered within ten years.
- Although the Group has incurred significant losses in recent years, these losses have arisen mainly as a result of the finance cost of the borrowings and the amortisation and impairment of the goodwill and intangible assets identified upon the acquisition of the Group by its shareholder (see Notes 4 and 5). In this regard, it should be borne in mind that:
  - In 2013 all of the participating loan held by the Group, which resulted in finance costs of EUR 14,351 thousand in 2013 (2012: EUR 41,740 thousand), was converted into capital. Consequently, the tax base will see a significant reduction in finance costs.
  - The amortisation expenses and impairment losses on goodwill and intangible assets identified in the various business combinations has no impact on the calculation of the tax base or, therefore, on the recoverability of the tax assets. The expense relating to the amortisation and impairment of these assets totalled EUR 167,399 thousand in 2013 (2012: EUR 52,855 thousand).
  - In 2013 the consolidated Group in Spain obtained taxable income of EUR 23,064 thousand (2012: EUR 6,951 thousand) which enabled it to use unrecognised tax assets from prior years amounting to EUR 5,765 thousand in 2013 (2012: EUR 1,737 thousand).
  - A mandate was issued by the Board of Directors to the Parent's management to execute all of the initiatives envisaged in the business plan and it is considered highly probable that it will be met in light of the experience of prior years and the events of the first two months of 2014.

The prior years' tax loss carryforwards of the Spanish companies are as follows:

#### 2013

Year incurred	Thousands of euros		
	Recognised	Not recognised	Last year for offset
2005	-	15,950	2023
2006	-	260	2024
2007	-	40,810	2025
2008	-	25,955	2026
2009	61,138	33,301	2027
2010	65,297	13,079	2028
2011	42,937	-	2029
2012	1,621	-	2030
2013	1,380	-	2031
<b>Total</b>	<b>172,373</b>	<b>129,355</b>	

2012

Year incurred	Thousands of euros		
	Recognised	Not recognised	Last year for offset
1998	-	43	2016
1999	-	354	2017
2000	-	441	2018
2001	-	51	2019
2002	-	133	2020
2003	-	1,576	2021
2004	375	-	2022
2005	14,793	-	2023
2006	-	261	2024
2007	40,769	285	2025
2008	25,955	-	2026
2009	94,619	-	2027
2010	78,324	-	2028
2011	42,861	-	2029
<b>Total</b>	<b>297,696</b>	<b>3,144</b>	

The tax loss carryforwards relating to the US companies, all of which have been recognised, are as follows:

	Thousand of euros		Last year for offset
	2013	2012	
2005	-	266	2020
2007	-	766	2022
2008	-	5,497	2023
2009	-	1,908	2024
2010	963	3,849	2025
2011	16,006	13,325	2026
2012	3,935	-	2027
<b>Total</b>	<b>20,904</b>	<b>25,611</b>	

The tax loss carryforwards not recognised in the accompanying consolidated balance sheet at 31 December 2013 relating to the foreign companies are as follows:

Year	Thousand of euros
2005	265
2007	2,266
2006	7,702
2008	943
2009	1,617
2010	2,678
2011	3,458
2012	7,128
2013	7,544
<b>Total</b>	<b>33,601</b>

The detail of the unused tax credits of the Spanish companies is as follows:

Period	Thousands of euros			
	2013		2012	
	Recognised	Not recognised	Recognised	Not recognised
1999	-	82	-	82
2000	-	187	-	187
2002	-	613	87	555
2003	-	77	50	71
2004	-	314	39	251
2005	-	448	60	423
2006	-	531	85	688
2007	-	683	60	1,062
2008	-	4,510	-	5,330
2009	-	2,248	82	2,277
2010	-	2,226	-	2,180
2011	-	2,239	-	2,177
2012	-	2,650	-	1,300
2013	-	1,300	-	-
<b>Total</b>	-	<b>18,108</b>	<b>463</b>	<b>16,583</b>

Of the total recognised and unrecognised tax credits, EUR 10,126 thousand relate to investment in R&D&i expenditure, EUR 4,988 thousand relate to double taxation credits and EUR 2,114 thousand to the reinvestment of gains at 31 December 2013 (31 December 2012: EUR 8,137 thousand related to investment in R&D&i expenditure, EUR 6,371 thousand to double taxation credits and EUR 2,116 thousand to the reinvestment of gains).

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

#### 20.4 Deferred tax liabilities

"Deferred Tax Liabilities" on the liability side of the accompanying consolidated balance sheet at 31 December 2013 and 2012 includes mainly the following:

- A deferred tax liability associated with the recognition at fair value of the assets identified upon the acquisition of the Applus Servicios Tecnológicos, S.L.U. subgroup, amounting to EUR 153,709 thousand (31 December 2012: EUR 176,334 thousand) (see Note 5).
- A deferred tax liability associated with the recognition at fair value of the assets identified when the other three business combinations of other Group companies, amounting to EUR 12,756 thousand, took place (31 December 2012: EUR 14,626 thousand) (see Note 5).
- The tax effect of the amortisation of goodwill paid on the acquisition of foreign companies amounting to EUR 17,001 thousand (31 December 2012: EUR 16,358 thousand).
- Deferred tax liabilities of EUR 9,054 thousand (31 December 2012: EUR 10,506 thousand) arising as a result of differences in the amortisation/depreciation of assets for tax and accounting purposes.
- Other deferred tax liabilities amounting to EUR 27,944 thousand at 31 December 2013 (31 December 2012: EUR 23,510 thousand).

## 20.5 Tax rates applicable to the Group

The various companies calculate their income tax expense in accordance with their respective legislation.

The main tax rates applicable to the Group are as follows:

Country	Tax rate	Country	Tax rate	Country	Tax rate
Spain	30%	UK	23%	Angola	35%
US	40%	Germany	30%	United Arab Emirates	-
Finland	24.5%	Australia	30%	Luxembourg	29.2%
Ireland	12%	Italy	31.4%	Kuwait	15%
Canada	27%-32%	Brazil	34%	Malaysia	25%
Norway	28%	Argentina	35%	Singapore	17%
Denmark	25%	Chile	20%	Qatar	10%
Netherlands	25%	Colombia	25%	Saudi Arabia	20%

## 20.6 Years open for review and tax audits

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

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

In August 2010 the Canadian tax authorities ordered a Group company to provide them with information in relation to the tax benefits arising from the financial reorganisation of the Group. On 21 February 2013, the tax authorities notified the company of the commencement of a tax audit in relation to the tax treatment of the borrowing costs on a loan of CAD 27 million received by the company. The tax authorities are claiming the application of a 5% tax withholding from the nominal value of the loan received (CAD 1.9 million, EUR 1.4 million at 31 December 2013). The Group paid the amount claimed and recognised a provision for the corresponding expense in 2013. The tax authorities are also questioning the deductibility of the interest of CAD 3.3 million (EUR 2.3 million at 31 December 2013) accrued on the aforementioned loan. The Parent's directors and their external legal advisers consider it improbable that this amount will have to be paid and, accordingly, no provision was recognised in this regard.

In October 2010 and December 2011, the Finnish tax authorities filed a challenge before the Tax Correction Board relating to the tax returns for 2008 and 2009 filed by the branch that the Group has in Finland, in which it questioned the deductibility for tax purposes of interest arising from the transfer of costs for accounting purposes. In 2013 the Finnish tax authorities extended the challenge to the taxes for 2010, 2011 and 2012. The possible economic consequences amount to EUR 10.3 million (taking into account 2013 and a potential penalty but not late-payment interest). The Parent's directors and their external legal advisers consider it improbable that this amount will have to be paid and, accordingly, no provision was recognised in this regard.

On 30 August 2011, Chile's Internal Revenue Service notified the Group of its disagreement with the tax returns filed in 2008 by a Group company due to alleged breaches of the Chilean Income Tax Law, totalling CLP 1,172 million (31 December 2013: approximately EUR 1,613 thousand), including penalties and late-payment interest. The Group initiated a claim process in which it has contested these amounts. In 2013 Chile's Internal Revenue Service reduced the amount claimed to CLP 488 million (EUR 671 thousand), including penalties and late-payment interest, but ratified its disagreement with the tax returns filed in 2010 for a total of CLP 933 million (31 December 2013: EUR 1,284 thousand), including penalties and late-payment interest. The Parent's directors and their external legal advisers consider it improbable that this amount will have to be paid and, accordingly, no provision was recognised in this regard.

On 16 July 2009, the tax authorities notified Idiada Automotive Technology, S.A. of the commencement of a tax audit of the income tax returns for 2006 - 2007 and 2008 - 2009 in relation to the deduction of withholdings from amounts withheld abroad and unused tax credits. The total amount claimed by the tax authorities is EUR 897 thousand, in relation to which the directors and their external advisers consider that there is a probable risk amounting to EUR 280 thousand (the amount of the provision recognised in this connection under "Long-Term Provisions").

On 1 September 2009, the Indian tax authorities gave notification of the commencement of a tax audit in relation to Idiada Automotive Technology, S.A.'s office in India, since it should have filed income tax returns as a permanent establishment in India for 2006 and 2007. The total amount claimed by the tax authorities is EUR 633 thousand, in relation to which the directors and their external advisers consider that there is a possible risk amounting to EUR 200 thousand (the amount of the provision recognised in this connection under "Long-Term Provisions").

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

- Income tax for 2008, 2009 2010 and 2011.
- VAT for 2009, 2010 and 2011.
- Personal income tax withholdings and prepayments for 2009, 2010 and 2011.
- Tax withholdings and prepayments relating to income from movable capital for 2009, 2010 and 2011.
- Tax withholdings and prepayments relating to property income for 2009, 2010 and 2011.
- Non-resident income tax withholdings and prepayments for 2009, 2010 and 2011.

As regards the above-mentioned contingencies, the Parent's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation for the tax treatment of the transactions, such contingent liabilities as might arise would not have a material effect on the accompanying consolidated financial statements.

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

## **21. Operating income and expenses**

### **a) Revenue**

The distribution of revenue, by geographical market, is as follows:

	Thousands of euros	
	2013	2012
Spain	275,665	282,568
Rest of Europe	422,530	341,144
United States and Canada	362,401	279,886
Asia Pacific	250,390	154,985
Middle East and Africa	160,486	34,793
Latin America	109,029	99,271
<b>Total</b>	<b>1,580,501</b>	<b>1,192,647</b>

The distribution of revenue, by business line, is as follows:

	Thousands of euros	
	2013	2012
RTD - Non-destructive testing	558,574	561,365
VELOSI - Asset management and certification	372,576	8,837
AUTO - Vehicle roadworthiness testing	273,599	266,397
NORCONTROL - Inspection services and technical assistance	186,158	182,097
IDIADA - Engineering and vehicle testing	132,513	116,505
Laboratories - Certification services	56,637	55,852
Corporate services	443	1,594
<b>Total</b>	<b>1,580,501</b>	<b>1,192,647</b>

The distribution of results for 2012 by business line does not coincide with the allocation of business by segment.

**b) Staff costs**

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

	Thousands of euros	
	2013	2012
Wages, salaries and similar expenses	624,250	515,927
Termination benefits	5,511	6,680
Employee benefit costs	87,894	80,112
Other staff costs	66,706	37,358
<b>Total</b>	<b>784,361</b>	<b>640,077</b>

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

Professional category	Average number of employees		
	2013		
	Men	Women	Total
Management and university graduates	2,843	767	3,610
Further education college graduates	2,080	450	2,530
Middle management	1,160	194	1,354
Skilled employees	5,556	1,161	6,717
Assistants, manual workers and service personnel	2,236	716	2,952
<b>Total</b>	<b>13,875</b>	<b>3,288</b>	<b>17,163</b>

Professional category	Average number of employees		
	2012		
	Men	Women	Total
Management and university graduates	1,667	596	2,263
Further education college graduates	1,541	355	1,896
Middle management	1,065	201	1,266
Skilled employees	3,081	605	3,686
Assistants, manual workers and service personnel	2,428	795	3,223
<b>Total</b>	<b>9,782</b>	<b>2,552</b>	<b>12,334</b>

Also, the distribution of the workforce, by gender and category, at the end of 2013 and 2012 was as follows:

Professional category	No. of employees		
	2013		
	Men	Women	Total
Management and university graduates	2,779	756	3,535
Further education college graduates	2,121	490	2,611
Middle management	1,202	219	1,421
Skilled employees	5,577	1,154	6,731
Assistants, manual workers and service personnel	2,442	716	3,158
<b>Total</b>	<b>14,121</b>	<b>3,335</b>	<b>17,456</b>

Professional category	No. of employees		
	2012		
	Men	Women	Total
Management and university graduates	2,477	710	3,187
Further education college graduates	1,831	398	2,229
Middle management	1,169	258	1,427
Skilled employees	5,378	768	6,146
Assistants, manual workers and service personnel	3,233	888	4,121
<b>Total</b>	<b>14,088</b>	<b>3,022</b>	<b>17,110</b>

**c) Other losses**

The detail of other losses at the end of 2013 and 2012 relates mainly to extraordinary termination benefits amounting to EUR 4,849 thousand and EUR 8,108 thousand, respectively, and to other expenses relating to start-up and restructuring costs.

**d) Fees paid to auditors**

The fees for financial audit services provided to the various companies composing the Group by the principal auditor in 2013 amounted to EUR 1,799 thousand (2012: EUR 1,545 thousand).

The fees in this connection paid to other auditors amounted to EUR 124 thousand in 2013 (2012: EUR 99 thousand).

Also, the fees relating to other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor in 2013 amounted to EUR 186 thousand (2012: EUR 69 thousand), of which EUR 29 thousand (2012: EUR 12 thousand) related to other attest services, EUR 61 thousand to tax services (2012: EUR 60 thousand) and the remainder to other services.



## 22. Net financial expense

The detail, by nature, of the net financial expense in 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
<b>Finance income:</b>		
Other finance income from third parties	1,032	2,072
Income from disposals of financial instruments	-	-
Income from long-term loans to associates	460	-
<b>Total finance income</b>	<b>1,492</b>	<b>2,072</b>
<b>Finance costs:</b>		
Finance costs arising from derivatives transactions (Note 16 and 20)	(6,688)	(20,585)
Borrowing costs relating to syndicated loan (Note 14)	(43,129)	(45,863)
Borrowing costs relating to participating loan (Notes 15, 20 and 28)	(14,351)	(41,740)
Other finance costs paid to third parties	(9,360)	(7,812)
Exchange differences	(14,371)	(755)
<b>Total finance costs</b>	<b>(87,899)</b>	<b>(116,755)</b>
<b>Net financial expense</b>	<b>(86,407)</b>	<b>(114,683)</b>

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

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

	Thousands of euros	
	2013	2012
Impairment losses on intangible assets (Note 6)	(37,882)	-
Impairment losses on goodwill (Note 6)	(81,285)	(18,101)
<b>Total impairment losses</b>	<b>(119,167)</b>	<b>(18,101)</b>
Disposal or derecognition of intangible assets	2	(839)
Disposal or derecognition of property, plant and equipment	(20)	(76)
Other gains or losses on disposals	1,614	(916)
<b>Total disposals or derecognitions</b>	<b>1,596</b>	<b>(1,831)</b>
<b>Total net loss</b>	<b>(117,571)</b>	<b>(19,932)</b>

## 24. Allocation of loss

The proposed distribution of the Parent's net profit for 2013 and allocation of its net loss for 2012 is as follows:

	Thousands of euros	
	2013	2012
<b>Basis of allocation:</b>		
Loss for the year	113,315	(59,421)
	<b>113,315</b>	<b>(59,421)</b>
<b>Allocation:</b>		
Legal reserve	11,331	-
To prior years' losses	101,984	(59,421)
	<b>113,315</b>	<b>(59,421)</b>

## **25. Segment information**

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

- Applus+ RTD: global provider of non-destructive testing services to clients in the upstream, midstream and downstream oil and gas industry. It also provides services to the power utilities, aerospace and civil infrastructure industries. Applus RTD's services provide the Group's clients with tools and solutions to inspect and test the mechanical, structural and materials integrity of critical assets without causing damage to those assets, either at the time of installation or during the assets' working lives.
- Applus+ Velosi: global provider of inspection, quality control, certification and recruitment of technical staff mainly for the oil industry. Applus Velosi services enable its customers to ensure compliance with the specifications defined during provisioning processes, construction and operation of infrastructure.
- Applus+ Norcontrol: provides comprehensive solutions for technical assistance, supervision, and inspection, quality control, testing and consulting mainly concerning industrial, power, oil and telecommunications.
- Applus+ Laboratories: offers a wide range of laboratory testing services, system certification and product development services, operating in various sectors, including aerospace, industrial and consumer goods sectors.
- Applus+ Automotive: provides statutory vehicle inspection, checking compliance of vehicles with safety regulations and current issues in the various countries in which it operates.
- Applus+ IDIADA: provides design, engineering, testing and homologation.

The Parent's directors have identified the above segments taking into account the following criteria:

- It carries on business activities whereby it can obtain ordinary revenue and incur expenses (including ordinary expenses and expenses arising from transactions with other components of the same entity),
- Its operating results are reviewed regularly by management who take operating and management decisions at the entity in order to decide on the resources to be allocated to the segment and evaluate its performance, and
- Separate financial information is available.

These criteria used to identify the business segments comply with IFRS 8 (formerly IAS 14).

**a) Presentation of financial information by business segment:**

The financial information by segment of the accompanying consolidated income statement is as follows:

**2013**

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

**2012**

	Applus+ RTD	Applus+ Velosi	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenues	495,251	66,352	190,695	55,852	266,391	116,505	1,601	1,192,647
Operatnig expenses	(444,199)	(62,981)	(172,828)	(48,851)	(197,423)	(97,671)	(23,159)	(1,047,112)
<b>Operating Result before amortisation, impairment and other results</b>	<b>51,052</b>	<b>3,371</b>	<b>17,867</b>	<b>7,001</b>	<b>68,968</b>	<b>18,834</b>	<b>(21,558)</b>	<b>145,535</b>
Asset amortisation	(25,682)	(370)	(6,529)	(5,605)	(32,612)	(5,862)	(2,513)	(79,173)
Impairment and results from disposal of fixed assets	(18,620)	4	(938)	(84)	412	817	(1,523)	(19,932)
Other results	(1,551)	(112)	(6,029)	(611)	(2,155)	(670)	(4,374)	(15,502)
<b>Operating Result</b>	<b>5,199</b>	<b>2,893</b>	<b>4,371</b>	<b>701</b>	<b>34,613</b>	<b>13,119</b>	<b>(29,968)</b>	<b>30,928</b>

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 the end of 2013 and 2012 are as follows:

**2013**

	Applus+ RTD	Applus+ Velosi	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	178,041	26,469	12,320	29,239	183,972	56,555	1,286	487,882
Other intangible assets	166,741	53,754	35,349	28,646	301,786	44,961	1,458	632,695
Tangible assets	55,746	7,434	21,138	9,135	80,108	15,472	417	189,450
Non-current financial assets	43	5,747	1,320	50	4,753	434	1,484	13,831
Deferred tax assets	7,290	3,297	15,597	1,407	10,648	808	62,680	101,727
<b>Total non-current assets</b>	<b>407,861</b>	<b>96,701</b>	<b>85,724</b>	<b>68,477</b>	<b>581,267</b>	<b>118,230</b>	<b>67,325</b>	<b>1,425,585</b>
<b>Total liabilities</b>	<b>147,111</b>	<b>111,664</b>	<b>62,757</b>	<b>26,994</b>	<b>160,164</b>	<b>56,850</b>	<b>1,124,441</b>	<b>1,689,981</b>

## 2012

	Applus+ RTD	Applus+ Velosi	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	183,183	19,392	25,581	29,239	255,664	56,827	1,282	571,168
Other intangible assets	189,431	62,396	37,522	31,155	348,617	43,383	3,884	716,388
Tangible assets	56,428	9,874	20,593	9,483	86,530	13,099	559	196,566
Non-current financial assets	84	5,211	4,922	38	1,760	487	661	13,163
Deferred tax assets	2,224	472	22,595	11,760	21,087	612	78,797	137,547
<b>Total non-current assets</b>	<b>431,350</b>	<b>97,345</b>	<b>111,213</b>	<b>81,675</b>	<b>713,658</b>	<b>114,408</b>	<b>85,183</b>	<b>1,634,832</b>
<b>Total liabilities</b>	<b>150,128</b>	<b>105,902</b>	<b>66,499</b>	<b>31,089</b>	<b>173,519</b>	<b>46,309</b>	<b>1,205,610</b>	<b>1,779,456</b>

The bank borrowings were allocated to "Other" since it is actually the "Holding" divisions which have the bank borrowings (see Note 14).

The additions to intangible assets and property, plant and equipment, by business segment, in 2013 and 2012 are as follows:

	Applus+ RTD	Applus+ Velosi	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Capex 2013	23,369	2,398	4,930	3,503	6,870	10,208	1,018	52,296
Capex 2012	23,864	519	5,250	5,295	12,540	6,996	716	55,180

### b) Presentation of financial information by geographical segment:

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

The sales, by geographical area, in 2013 and 2012, were as follows:

	Thousands of euros	
	2013	2012
Spain	275,665	282,568
Rest of Europe	422,530	341,144
United States and Canada	362,401	279,886
Asia Pacific	250,390	154,985
Middle East and Africa	160,486	34,793
Latin America	109,029	99,271
<b>Total</b>	<b>1,580,501</b>	<b>1,192,647</b>

The non-current assets, by geographical area, in 2013 and 2012, were as follows:

Total non-current assets	Spain	Rest of Europe	United States and Canada	Middle East and Africa	Asia Pacific	Latin America	Total
31 December 2013	731,953	457,688	107,466	7,529	99,914	21,035	1,425,585
31 December 2012	796,751	586,634	119,824	10,475	93,909	27,239	1,634,832

## 26. Operating leases

The Group has obtained the use of certain assets through finance leases (see Note 7) and operating leases. The most significant operating leases held by the Group relate to the lease of premises and vehicles and to royalties payable for the different concessions possessed.

The expenses incurred by the Group in 2013 in relation to operating leases and royalties amounted to EUR 98,242 thousand (2012: EUR 78,560 thousand).

At the end of 2013 and 2012 the Group had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions (in thousands of euros), not including the expenses for royalties available to the Group:

Operating leases	2013	2012
Less than 12 months	44,710	50,027
1 - 5 years	116,592	137,423
More than 5 years	15,197	39,076
<b>Total</b>	<b>176,499</b>	<b>226,526</b>

The accompanying table does not include the amounts of the royalties committed for the next few years since these are generally subject to a percentage of the revenue or the investments made. In 2013 the expense relating to royalties totalled EUR 31,288 thousand (2012: EUR 22,780 thousand).

## **27. Obligations acquired and contingencies**

### **a) Guarantees and obligations acquired**

The Group has provided guarantees totalling EUR 7.7 million (2012: EUR 7.7 million) to the Catalonia Autonomous Community Government in connection with the incorporation of the subsidiaries Idiada Automotive Technology, S.A. and LGAI Technological Center, S.A.

The Group has also provided other guarantees to the Catalonia Autonomous Community Government for the management of the vehicle roadworthiness testing services, amounting to EUR 10.3 million, primarily to secure payment of the royalty and to guarantee the reversion value of the leased premises in which the companies provide vehicle roadworthiness testing services. The companies for which these guarantees were provided are Applus Servicios Tecnológicos, S.L.U. and Applus Iteuve Technology, S.L.U. for EUR 2.9 million and EUR 7.4 million (EUR 2.6 million and EUR 7.4 million in 2012), respectively. In addition, other guarantees have been provided to the Catalonia Autonomous Community Government amounting to EUR 323 thousand (31 December 2012: EUR 715 thousand) to guarantee a portion of the administrative authorisation obligations and commitments.

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

Various banks have provided guarantees to third parties for the subsidiaries Applus Norcontrol, S.L.U., LGAI Technological Center, S.A. and IDIADA Automotive Technology, S.A. amounting to EUR 14,126 thousand, EUR 2,438 thousand and EUR 2,096 thousand, respectively (31 December 2012: EUR 11,821 thousand, EUR 2,115 thousand and EUR 5,153 thousand, respectively). These guarantees were given to companies or public agencies as a provisional or definitive guarantee for the tendering of bids or to secure contracts awarded.

In addition, the Group has arranged other guarantees required for the operating activities of various Group companies totalling EUR 9.9 million (31 December 2012: EUR 13.5 million).

The agreement entered into between the Irish government and Applus Car Testing Services Limited for the provision of vehicle roadworthiness testing services in Ireland provides for variable remuneration to the Irish government in the event that the expected returns envisaged in the agreed-upon business plan, which is reviewed every three years, are exceeded. Also, in 2013 the Company cancelled the guarantee for the vehicle roadworthiness testing concession in Ireland for EUR 4 million.

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

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

## **b) Contingencies**

### *b.1. Auto Catalonia*

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

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

Another third party filed an appeal for judicial review at the Judicial Review Chamber of the High Court of Catalonia challenging the call for tenders to become vehicle roadworthiness testing centre concession operators under the territorial plan and challenging the resolution of 4 November 2010 which resolved the call for tender awarding the concession of contracts 1 and 2.

The Judicial Review Chamber of the Catalonia High Court in the first instance handed down a unanimous decision on these lawsuits in a series of decisions containing the grounds put forward by the appellants and declaring null and void the resolutions and decisions challenged. Accordingly, judgments were handed down by the Catalonia High Court on 25 April 2012 (on the appeal against Decree 30/2010 and Decree 45/2010, in which Applus is a party), on 13 July 2012 (on the appeal challenging the tender for the award of two contracts under the territorial plan), on 13 September 2012 (on the appeal relating to authorisations awarded to Applus) and the decision handed down on 21 March 2013 (on the appeal challenging the resolution awarding the tenders).

The judgments declared null and void the regulatory framework and authorisations granted (which include those of Applus) considering that Decree 30/2010, of 2 March, implementing Catalan Industrial Safety Law 12/2008, of 31 July, and Decree 45/2010, of 30 March, approving the territorial plan for new vehicle technical inspection centres in Catalonia for 2010-2014 and the decisions implementing them infringed Directive 2006/123/ EC of the European Parliament and of the Council of 12 December 2006, on services in the internal market.

A cassation appeal was filed against the decisions handed down on the appeals in which Applus is party (25 April and 13 September 2012). The first effect of giving leave to proceed to the cassation appeals is that the judgments of the Catalonia High Court are not final and, therefore, may not be enforced at the date of preparation of the notes to the consolidated financial statements. It should be noted that the aforementioned cassation appeals hold that the judgments of the Catalonia High Court do not give adequate consideration to the fact that the vehicle roadworthiness business is not subject to the regime established by Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006, on services in the internal market. The criteria adopted by the Group and its advisers is that the vehicle roadworthiness testing activity is a service included in the area of transport since it is directly related to the regulation of road traffic where, in addition, general interest and road safety considerations also come into play.

On 11 and 18 February 2014, the Supreme Court issued interlocutory orders in which it resolved to suspend the date for deliberation on the lawsuits filed in relation to the vehicle roadworthiness testing regime in Catalonia and, rather than hand down a judgment, has deemed it necessary to hear all parties with regard to the appropriateness of submitting an application for a preliminary ruling to the Court of Justice of the European Union (CJEU) asking if the authorisation regime for vehicle roadworthiness testing centres in Catalonia is compatible with EU law. The Supreme Court recently submitted the application for a preliminary ruling to the Court of Justice of the European Union.

It should be noted in this connection that there is a proposal to repeal the current Directive 2009/40 on roadworthiness tests for motor vehicles and their trailers and a review of the draft proposal reveals that the vehicle roadworthiness testing activity is expressly excluded from the scope of application of Directive 2006/123/EC.

Also, it should be noted that the European Commission's Directorate General for the Internal Market has sent Asociación de Entidades Colaboradoras de la Administración en Inspección Técnica de Vehículos (AECA ITV) its reply to the request for a ruling, indicating that, as it informed the Spanish authorities in the past, the criteria of the Commission is that vehicle roadworthiness testing falls outside the scope of Directive 2006/123/EC on services in the internal market. This document has been submitted to the Supreme Court.

Lastly, it is important to underline that:

- a) the documents authorising Applus to perform the vehicle roadworthiness testing activity in Catalonia are based directly on Law 12/2008, of 31 July, the content and effectiveness of which remain fully in force since it is the Decrees implementing them that have been appealed against; and
- b) the decisions to be handed down on the lawsuits described above are not expected to give rise to any fines or penalties for the Group.

Accordingly, the directors welcome the recent decisions which will maintain the status quo in Catalonia with regard to Applus' authorisations during the proceedings which they consider will take around two years.

#### *b.2. Other contingencies*

Also, Applus Iteuve Euskadi, S.A.U. filed cassation appeal no. 634/2002 at the Supreme Court against the judgment of the Basque Country High Court of 20 July 2001, requesting a new assessment of the roadworthiness tender process in the Basque Country and asking the Basque authorities to review the valuation and scoring of all the lots and all the items, not only those covered by the Supreme Court's decision. On 26 December 2007, the Supreme Court handed down a decision partially rendering void the judgment of the Basque Country High Court, which took all the administrative actions back to the time prior to the award of the tender, and asking the Basque Autonomous Community Government to review the valuation again. On 31 May 2010, the Basque Country High Court issued its first assessment, in which it considered that the Supreme Court's decision had not been correctly enforced. A second assessment was issued on 8 July 2011. The Basque Country High Court considered that the Supreme Court's decision had been correctly enforced by means of the Basque Autonomous Community Government's second assessment (order dated 24 April 2012). In October 2013 the Basque Autonomous Community Government enforced the judgment provisionally in a decision issued on 30 September 2013, awarding the Luybas concession (which consists of the Vitoria and Bergara centres) to the competitor in the tender and reverting the concession assets. Therefore, although the Applus Group has appealed the decision, from that date it ceased to operate the concession. The income generated by that concession in the nine months of 2013 totalled EUR 4,214 thousand.

Applus Iteuve Technology, S.L.U. filed an appeal against Royal Decree 93/2007 establishing the administrative authorisation concession regime in the Autonomous Community of the Canary Islands (previously the concession regime was an administrative concession regime). On 29 January 2013, the Canary Islands High Court dismissed the claim filed by the Group. A cassation appeal was filed against this decision on 7 March 2013 at the Supreme Court. AECA ITV (Spanish Association of Entities working with the Government on Vehicle Roadworthiness Testing) also filed an appeal against Royal Decree 93/2007 and obtained a precautionary measure suspending execution of the Royal Decree. An appeal was filed against this precautionary measure by the Canary Islands Autonomous Community Government when the Canary Islands High Court handed down a judgment thereon. The Canary Islands Autonomous Community

Government has begun processing authorisation application dossiers (in accordance with Royal Decree 93/2007, which has been appealed) which have been submitted to it in relation to the opening of vehicle roadworthiness testing centres in the Canary Islands. Applus has filed an appeal against all the applications for new centres. Applus has filed an appeal against all the applications for new centres. On 11 February 2014, the Supreme Court dismissed the appeal for judicial review filed by AECA against Decree 93/2007 of the Canary Islands Autonomous Community Government, thus confirming that the regime of administrative authorisation for the provision of the vehicle roadworthiness testing in the Canary Islands Autonomous Community is lawful. Thus, the status quo of the transitional regime was maintained: the concessions and authorisations granted previously will continue to make holders competent without the need for prior authorisation, although holders will be obliged to comply with the related technical requirements.

It should be noted that there is a draft law to amend Royal Decree 224/2008, of 15 February, on general rules on the installation and functioning of roadworthiness testing centres which, inter alia, regulates the regime for situations of incompatibility of the shareholders, senior executives and employees of such centres, with respect to other activities associated with the vehicles subject to roadworthiness testing. However, it is uncertain whether such a draft law will be approved or, if it is approved, on what terms. Even if the aforementioned Royal Decree were amended, the autonomous communities would still have the power to approve or reject it.

The Parent's directors consider that the outcome of all aforementioned proceedings will not give rise to liabilities additional to those already recognised in the consolidated financial statements at 31 December 2013. At 2013 year-end, the Parent's directors were not aware of any significant claims by third parties or any ongoing legal proceedings against the Group, other than those described above, that, in their opinion, could have a material impact on these consolidated financial statements.

## **28. Transactions and balances with related parties**

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

The transactions between the Group and its associates and related companies are disclosed below.

### **Transactions with associates and related companies**

In 2013 and 2012 the Group companies performed the following transactions with associates and related parties that did not form part of the Group:

	Thousands of euros								
	2013				2012				
	Operating revenue	Procurements	Royalties expenses	Financial expenses (Note 22)	Operating revenue	Procurements	Royalties expenses	Synergy fee	Financial expenses (Note 22)
Azul Finance S.à.r.l.	-	-	-	14,351	-	-	-	-	41,740
Velosi LLC	3,302	-	-	-	1,815	-	-	-	-
Kurtec Pipeline Services LLC	60	-	-	-	-	-	-	-	-
Kurtec Pipeline Services Ltd.	-	-	-	-	430	-	-	-	-
Velosi (B) Sdn Bhd	233	-	-	-	-	-	-	-	-
Velosi (M) Sdn Bhd	9,815	1,373	2,240	-	11,598	2,679	1,948	1,211	-

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

The transactions and balances with the Group and other associates and related parties (Board of Directors and Management) are disclosed in the Note 29.



## Balances with associates and related companies

### a) Payables to associates and related parties

The detail of payables to associates and related parties at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	Long-term loan and interest (Note 15)	
	31/12/13	31/12/12
Azul Finance S.à.r.l.	-	92,448

At 2012 year-end this balance related to the participating loan from Azul Finance S.à.r.l. which was converted into capital in 2013 (see Notes15).

### b) Receivables from associates and related parties

	Thousands of euros	
	Trade receivables from related companies and associates	
	31/12/13	31/12/12
Velosi LLC	727	453
Velosi (B) Sdn Bhd	457	355
Kurtec Pipeline Services Ltd.	49	45
Kurtec Pipeline Services LLC	62	2,569
Velosi (M) Sdn Bhd.	2,903	1,684
Total	4,198	5,106

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

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

### Remuneration of and obligations to Directors

In 2013 the remuneration and other benefits earned by the members of the Board of Directors of the Parent amounted to EUR 280 thousand (2012: EUR 311 thousand).

At 31 December 2013 and 2012, one Board member has been granted a loan of EUR 1,100 thousand secured by a mortgage which matures in 2015.

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

At 31 December 2013 and 2012, the Parent's Board of Directors was made up of eight men and four legal entities represented by men.

### Remuneration of and obligations to senior executives

The remuneration paid to the Group's senior executives in 2013 amounted to EUR 4,411 thousand (2012: EUR 3,777 thousand), the detail of which is as follows:

**2013**

	Thousands of euros				
	Fixed remuneration	Variable remuneration	Other	Termination benefits	Pension plans
Senior executives	2,771	1,423	165	-	52

**2012**

	Thousands of euros				
	Fixed remuneration	Variable remuneration	Other	Termination benefits	Pension plans
Senior executives	2,697	863	217	-	57

Certain Velosi Group executives earn variable remuneration based on the achievement by this Group of certain financial aggregates in 2013 and 2012. The amount provisioned for the aforementioned variable remuneration at 31 December 2013 was USD 13 million (approximately EUR 9,448 thousand), which was the maximum amount payable if the targets were achieved in 2013 and 2012 (see Note 19).

Also, other senior executives of the Group earn variable remuneration subject to the achievement by the Group of certain financial aggregates in 2011, 2012 and 2013. The amount provisioned for the aforementioned variable remuneration at 31 December 2013 was EUR 3,093 thousand, relating to achievement of all of the assets in 2011, 2012 and 2013 (see Note 19).

In July 2012 the Group established a remuneration plan for ten executives which provides for remuneration based on a multiple of the return obtained by the current shareholders in the event of divestment, including any admission to listing process. The remuneration provided for in this plan consists of a fixed amount based on a minimum return which increases in stages according to the multiple obtained (zero if the established minimum return is not achieved). These amounts are reduced by approximately 50% if the divestment is made after 31 December 2016. In the event of partial divestment, the remuneration will be calculated in proportion to the percentage sold. The entitlement to receive the aforementioned remuneration arises when the divestment is made provide that the employee remains in the employee of the Applus Group for one year or leaves the Group during that period as a result of a dismissal not considered to be a dismissal on disciplinary grounds.

At the date of these consolidated financial statements the directors of the Parent, taking into account the context of the potential admission to listing of the Group, revalued the provision for the aforementioned incentive taking into account more up-to-date information on the various market situations and, therefore, they recognised a provision of EUR 9.4 million under "Remuneration Payable" in the accompanying consolidated balance sheet (see Note 19). The estimate relating to the incentive was made on the basis of a probabilistic model using various scenarios corresponding to returns and divestment dates and percentages at any given time.

The estimate made is based on a divestment percentage of between 30% and 40% in 2014 and the remainder at 31 December 2016, with the total amount of the incentive payable being EUR 29.8 million, of which at 31 December 2013 the aforementioned EUR 9.4 million had accrued and been provisioned (no tax effect was considered in relation to the recording of this provision as it was treated as a permanent difference).

For the purpose of analysing the sensitivity of the aforementioned calculations, if the limit of the expected maximum return is reached (without taking into account remotely probable scenarios at 31 December 2013), assuming a divestment percentage of between 30% and 40% in 2014 and the remainder at 31 December, the maximum incentive payable would amount to EUR 49.1 million, of which EUR 22.7 million had vested at 31 December 2013.

However, it should be noted in connection with the aforementioned estimates that the current high volatility of the markets could give rise to rapid upward or downward changes with respect to the aforementioned calculations.

In October 2008 Azul Holding, S.C.A. (Lux) a shareholder of the Company, signed with 27 key executives of Applus who invested in the Group a cash-settled incentive plan tied to the achievement of a minimum internal rate of return with respect to the initial investment in the Group. If the required minimum return was not achieved the return of the investment was guaranteed for the executives. Most of this plan was cancelled as a result of the new remuneration policy (see Note 32), except for 19 Group managers. The directors of the Parent consider that the probability of the minimum rate of return established being achieved was remote at 31 December 2013 and, therefore, the estimated value of the plan is EUR 1,250 thousand (the amount relating to the initial investment made), a provision for which has been recognised under "Remuneration Payable" in the accompanying consolidated balance sheet (see Note 19) (no tax effect was considered in relation to the recording of this provision as it was treated as a permanent difference). The maximum amount of this incentive plan, the probability of which was considered to be remote at both 31 December 2013 and the date of these consolidated financial statements, would amount to EUR 10.5 million.

Lastly, it should be indicated that on 25 March 2014 the Group modified the aforementioned incentives through the establishment of a new remuneration policy (see Note 32).

Life insurance policies have been taken out for certain senior executives, although the amount thereof is not material.

In 2013 and 2012 no advances or loans were granted to any senior executives.

At 31 December 2013, the Group's senior management was made up of 12 men (31 December 2012: 12 men). In 2013 and 2012 one of the senior executives was also a member of the Board of Directors although his remuneration was included within that of senior executives.

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

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

### **30. Information on the environment**

In view of the Group's business activities, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements. The Parent's directors consider that the environmental risks that might arise from its activities are minimal and, in any case, are adequately covered, and they do not expect any additional liabilities to arise from the aforementioned risks. The Group did not incur any expenses or receive any grants related to environmental matters in 2013 or 2012.

### **31. The Group as a going concern**

Although the Group has incurred significant losses in recent years, various mitigating factors should be taken into account in assessing the going concern principle of accounting. These are mainly as follows:

#### **1. Business plan**

The Group's business plan for 2014-2018, approved by the Parent's Board of Directors, envisages the same trend towards growth in operating profits for 2014 and subsequent years as hitherto, which will enable the Group

to go into profit in 2014. A mandate was issued by the Board of Directors to the Parent's management to execute all of the initiatives envisaged in the business plan and it is considered highly probable that it will be met in light of the experience of prior years and the events of the first two months of 2014.

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

*Matters with an impact on revenue growth-*

- Development and investments in infrastructure in new markets (mainly the Middle East and Latin America).
- Proliferation of increasingly regulated environments.
- Development of vehicle inspection programmes in emerging countries.
- Increase in investment in technology applied to vehicles.
- Focus on the most profitable businesses and services with higher value added for customers.
- Continue with the policy of identifying and analysing the less profitable businesses in order to focus on the most profitable ones.
- Continue with the excellence in terms of operational management which is being developed across all the divisions.

*Matters with an impact on costs-*

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

## **2. Capacity to repay debt**

The Group had positive working capital at 31 December 2013 of EUR 240,404 thousand (31 December 2012: EUR 220,741 thousand). Also, the Group's cash flow was positive in 2013 and it expects to see an important improvement in cash flow in 2014 and subsequent years.

Also, it must be borne in mind that the losses incurred in prior years arose mainly from the amortisation and impairment of certain intangible assets and goodwill disclosed in the business combinations detailed in Note 5 (EUR 167,399 thousand and EUR 52,855 thousand in 2013 and 2012, respectively) and the finance costs associated with the debt. In this regard, the following should be borne in mind:

- The amortisation and impairment expense does not entail a cash outflow and, therefore, has no impact on the Group's cash flow or, consequently, on the Group's ability to fulfil its financial obligations.
- In 2013 all of the participating loan, which resulted in finance costs of EUR 14,351 thousand in 2013 (2012: EUR 41,740 thousand), was converted into capital and, accordingly, this expense will not exist in the future.

## **3. Access to sources of financing**

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

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

Lastly, it must be borne in mind that the individual equity of the Parent at 31 December 2013 amounted to EUR 688,572 thousand, which exceeds its share capital of EUR 655,963 thousand.

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

### **32. Events after the reporting period**

On 25 March 2014 the Parent's Board of Directors approved the following proposed modification to the incentive policy for the key executives. We hope that on 22 April this resolution will be ratified by the shareholders at the Annual General Meeting.

On 2 April 2014, the Group agreed on and signed with the ten executives with whom it had the remuneration plan associated with the divestment of the current shareholders (see Note 29) a proposed novation of all the incentive plans in which the Group stated its firm commitment to modify its remuneration policy in order to simplify its structure. They are expected to be formalised in the coming weeks. The main changes introduced by the new remuneration structure are based principally on the following:

- Establishment of a new incentive plan to replace the previous incentive plan, so that a portion thereof may be collected in cash when the shares of Applus are admitted to listing, with the remainder being deferred through the delivery of a quantity of "Restricted Stock Units" convertible into shares of Applus which, based on a linear schedule, are basically subject to the continuity of the employment relationship (subject to Good leaver/Bad leaver exceptions) for three years. The amount payable in cash on admission to listing of the Group totals EUR 20 million and the fair value of the shares deliverable subject to the continuity of the employment relationship for three years is estimated at an additional EUR 36 million.
- Grant of a new cash-settled multi-year incentive for 2014 to 2016, similar to that existing for 2008-2010 and 2011-2013.
- Establishment of a new incentive plan, to be implemented in the coming months following the admission to listing of the Group, consisting of the delivery of shares of the Group to executives for an amount equivalent and additional to the amount of such annual bonus as might be granted, with an established vesting schedule also subject to the executives remaining in the Group's employee. The first delivery would be made in 2015.
- Cancellation of any other right that might be considered in force in relation to remuneration plans (including the cancellation of that formalised in October 2008, as detailed in Note 29).

On 4 April 2014, the Parent's Board of Directors:

- a) approved the early repayment of the financing existing at 31 December 2013 (see Note 14), approved the future formalisation of new financing for the Group amounting to EUR 850,000 thousand, and authorised the future arrangement of derivative financial instruments, all subject to the success of the placement of the shares of the Parent on the Spanish primary market.
- b) accepted the resignation of seven directors and appointed four new directors.
- c) proposed the reduction of the Parent's share capital, through the redemption and retirement of 645,029,932 shares of EUR 1 par value each, leaving, therefore, the share capital at EUR 10,932,710. In addition, it was proposed to reduce the par value of the shares from EUR 1 par value each to EUR 0.1 par value each. This capital reduction was instrumented through an increase in voluntary reserves. It was also proposed to transfer the excess balance of the legal reserve to voluntary reserves. Therefore, at 4 April 2014 the share capital amounted to EUR 10,932,710, represented by 109,327,100 shares of EUR 0.1 par value each.

The shareholders at the General Meeting held on that same date approved the three aforementioned proposals.

There are no other events after the reporting date that are worthy of mention or that might have an impact on the accompanying consolidated financial statements.

### **33. Explanation added for translation to English**

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

Barcelona, 22 April 2014

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D. Joaquín Coello Brufau  
Chairman

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D. Ernesto Gerardo Mata López  
Director

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D. Pedro de Esteban Ferrer  
Director

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D. Alex Wagenberg Bondarovschi  
Director

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D. Josep Maria Panicello Primé  
Director

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D. Mario Pardo Rojo  
Director

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D. Richard Campbell Nelson  
Director

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D. John Daniel Hofmeister  
Director

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D. Fernando Basabe Armijo  
Director

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

**Applus Services, S.A.  
(formerly Applus Technologies Holding, S.L.)  
and Subsidiaries**

Consolidated Directors' Report  
for the year ended  
31 December 2013

**Business performance and situation of the Applus Group**

**Performance in 2013:**

**Overview:**

The Applus Group's overall performance in 2013 was highly satisfactory, fulfilling the objectives established for the year ended 31 December 2013 for the main management indicators:

- Sales amounted to EUR 1,581 million, up 33% on 2012 (up 8% on 2012 considering the business of the Velosi division for the whole of 2012). Velosi was acquired by the Group on 20 December 2012 and, accordingly, only ten days' operations were included in the 2012 consolidated financial statements.
- Adjusted operating profit before amortisation, depreciation and other results (Ebitda) amounted to EUR 200 million, up 38% on 2012 (up 17% on 2012 considering the contribution of Velosi for the whole year).

These earnings were achieved due to an intense management effort. The divisions with an international presence offset a certain decline in activity in domestic markets. The Spanish macroeconomic environment adversely affected the sales volume of certain Spanish operations which had to adjust recruiting levels to market requirements.

**RTD**

The RTD division performed excellently in 2013, posting earnings that were better than 2012 and the projections for 2013.

**US and Canada**

Sales in the US and Canada grew by 21% as a result of the favourable market conditions in the US, the introduction of new technologies (such as "Rotoscan" and "Rayscan") and the achievement of new non-destructive testing contracts for oil and gas pipeline construction projects. The significant increase in sales in Canada was due to the rise in new pipeline construction project activity at Fort McMurray.

**Europe**

Business performance in Europe was also positive, the highest level of growth in activities was contributed by the Netherlands and the UK, growth being based on optimal operational management in both countries and the expansion of activities in nuclear plants in the UK.

**Asia-Pacific**

Asia-Pacific sales fell by 11% as a result of the discontinuation of scantily profitable contracts and operations incurring operating losses in Japan.

#### Rest of the world

Sales growth of 8%, mainly in the Middle East and Africa.

#### **Velosi**

2013 was another year of excellent growth in terms of sales and Ebitda. All regions contributed to the excellent growth of the division, mainly North America, Middle East, Africa and Asia-Pacific. Margins have performed positively in recent years, following a trend towards growth since acquisition by the Applus Group.

The oil and gas sector continued the upward trend maintained in recent years. Once again the division increased market share in inspection, certification and technical personnel recruitment services for this sector.

#### **Norcontrol**

This division's results were satisfactory, with significant growth in Ebitda despite a 2% fall in sales.

#### Spain

Sales in domestic markets continue to be affected by the adverse macroeconomic climate in the Spanish market, which led to a 10% decline in sales in 2013. Despite this fall in sales, the company managed to maintain the Ebitda, which enabled it to improve its operating margin.

#### Latin America

Sales in Latin America increased by 9%, mainly due to the good performance in Colombia and Chile. The operating margin in the region continued the improvement initiated in previous years.

#### **Laboratories**

The business performance of the Laboratories division in 2013 was highly satisfactory, achieving the objectives established for the year despite the difficulties in the environment in its main market, Spain, where it makes 64% of its sales.

Sales fell in the domestic market, but that was offset by significant growth in international markets, mainly in Germany.

#### **Automotive (vehicle roadworthiness testing)**

The division continued to growth both in sales, 3%, and in Ebitda, 3%.

#### Spain

The performance of the Spanish market was very positive, with growth in sales and Ebitda, mainly due to the opening of new centres in Madrid and Aragon regions and the good performance of Catalonia.

#### Latin America

Growth in the Latin America region was fully satisfactory, with a double-digit growth rate mainly generated by the activities carried on in Argentina.

#### Rest of Europe



Mention must be made of significant growth in Ireland, which offset the fall in Finland due to the deregulation of the market.

## US

Sales in the US decreased by 6% as a result of the reduction in sales of emissions testing equipment of the Ontario business. The other concessions performed well.

## **IDIADA**

The division experienced strong growth in both sales, 14%, and Ebitda, 17%. All the regions contributed to this growth.

## **Outlook for 2014 and following years**

The good results obtained historically by the Applus Group set a very positive trend for growth in coming years. There are still investment needs in the energy industry which are supported by the increase in demand for gas and oil and the development to be undergone by emerging economies; a market niche considered to be key, and in which the Applus Group has been consolidating its presence in recent years. All these factors contribute a highly positive view of the expected development of the business in the coming years.

The expectations for the coming years are that the upward trend in the main business indicators will continue to be positive, based on:

- The consolidation and integration of the latest acquisitions made and new laboratories opened in recent years by the Group in the various divisions.
- Focus on the most profitable businesses and services with higher value added for customers.
- Continue with the policy of identifying and analysing the less profitable businesses in order to focus on the most profitable ones.
- Continue with the excellence in terms of the operational management which is being developed in all the divisions.
- Continue with the strategy of increasing growth and market share in order to consolidate its position as an international benchmark in both roadworthiness testing and in the inspection, certification and non-destructive testing industries.

## **Main risks facing the Group**

The main business risks facing the Group are those typical of the businesses in which it operates and of the current macroeconomic environment. The Group actively manages the main risks and considers that the controls designed and implemented to that effect are effective in mitigating the impact of these risks when they materialise.

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

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

The Group's policy hedges all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable. The main financial risks to which the Group is exposed and the practices established are as follows:

- a) *Foreign currency and interest rate and risks*
- b) *Liquidity risk*
- c) *Credit risk*

All the policies and actions aimed at mitigating these risks are detailed in the corresponding notes to the consolidated financial statements.

### **Quality and the Environment**

Quality, the environment, prevention and safety are elements that form an integral part of the Applus Group's activities and culture.

In the performance of our services, we make an effort to improve our management systems in aspects related to quality and safety, protecting the environment and relationships with our customers, employees and suppliers.

The operational implementation of this commitment is integrated into all levels of divisional, regional and country management with the active support of our entire team.

We achieved these changes by establishing good practices which promote and encourage numerous initiatives implemented at local level. In this connection, responsible behaviour and practice is encouraged throughout the business.

The principles governing these activities are included in our quality, prevention and environment policy and in our environmental management policy, all of which are in line with the guidelines of the ISO 9001, ISO 14001 and ISO 18001 standards.

### **Research and development expenditure**

The Applus Group maintains a constant interest in research and development activities, which are mainly carried on through the IDIADA and RTD divisions.

Our IDIADA division, which offers design, testing, engineering and certification services in the automotive industry, continues to be at the forefront of the development of the most innovative techniques in order to offer our customers the services they require to meet their high technology needs.

Continuing with the strategic line of consolidating itself as a reference in the innovation of high technology services for customers, IDIADA has developed important projects structured into five lines of activity:

- KID-SHELL, a project developing a new concept for the protection of child occupants of two-wheel motor vehicles.
- Through various projects, IDIADA has developed a new integrated concept based on a controlled environment, which is managed intelligently using ITS technologies to detect and monitor vehicles and create a universal platform for the development of innovative new products and competitive companies involved in ICT technologies as a key step in the scalability of these technologies and their future mass use/implementation in towns and cities and motorways.
- IDIADA is working on various projects focusing on research into the application of advanced communications systems, new materials and new profiles to maximise the performance and protection offered by road infrastructure in the event of an accident.
- In the integrated safety services field, Applus IDIADA is developing various harmonized and standardized assessment procedures and related tools for selected integrated safety systems in the following areas: autonomous driving; ADAS; PNCAP; testing and development of chassis control systems; pre-crash systems; crash compatibility; child safety; whiplash and HMI.
- Electric vehicles. Development of numerous hybrid vehicle (HEV) and electric vehicle (EV) projects, and for the fields of passive safety, active safety, high voltage safety, powertrain, durability and homologation.

Our RTD division is a leading global energy service provider, delivering technical assurance through non-destructive testing, inspection, and certification to the energy, public service and infrastructure industries.

Applus RTD is a worldwide leader in the creation of new technologies working in the vanguard of R&D for the industry. With its technological epicentre in Rotterdam, it has developed an important range of ultrasound probes, designed and produced in accordance with current legal standards and guidelines, using the latest design, modelling, engineering and production tools.

The objectives driving the teams of specialists in research and development are to optimise existing techniques and to create new, highly efficient and reliable technologies which meet the many and varied challenges set by the industry. The R&D team is continuously involved in intensive projects to develop new solutions to emerging issues, while improving existing technologies to set new standards. We work alongside our clients and other specialists on industrial projects, while collaborating with universities and other research institutions nationally and internationally.

#### **Treasury share transactions**

No transactions involving treasury shares were performed in 2013. The Applus Group did not hold any treasury shares at 2013 year-end.

#### **Events after the reporting period**

No significant events have occurred since 2013 year-end other than those described in the notes to the accompanying consolidated financial statements.

#### **Use of financial instruments**

At 31 December 2013, the Group had no hedging instruments, since they expired in 2013. The notes to the consolidated financial statements disclose all the hedging instruments arranged by the Group.

Barcelona, 22 April 2014.

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D. Joaquín Coello Brufau  
Chairman

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D. Ernesto Gerardo Mata López  
Director

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D. Pedro de Esteban Ferrer  
Director

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D. Alex Wagenberg Bondarovich  
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D. Josep María Panicello Primé  
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D. Richard Campbell Nelson  
Director

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D. John Daniel Hofmeister  
Director

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D. Fernando Basabe Armijo  
Director

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Joaquin Coello Brufau  
for Azul Management S.à.r.l.  
Chairman

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Joan Manuel Soler Pujol  
Director

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Ernesto Gerardo Mata López  
Deputy Chairman

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Carlos Kinder Espinosa  
Director

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Alex Wagenberg Bondarovschi  
for CEP III Participacions S.à.r.l. SICAR (Luxembourg)  
Director

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Pedro Esteban Ferrer  
for CEP II Participacions S.à.r.l. SICAR (Luxembourg)  
Director

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Mario Pardo Rojo  
for the Carlyle Group S.à.r.l. (Luxembourg)  
Director

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Christopher Finn  
Director

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Richard Campbell Nelson  
Director

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Fernando Basabe Armijo  
Director

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Josep Maria Panicello Primé  
Director

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John Daniel Hofmeister  
Director



**Appendix I - Companies included in the scope of consolidation**

Name	Applus Servicios Tecnológicos, S.L.*  Campus de la UAB, carretera d'accés a la Facultat de Medicina s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (Spain)	Azul Holding 2, Sarl.  2, avenue Charles de Gaulle, L-1653, Luxembourg (Grand Duchy of Luxembourg)	Applus Iterve Argentina, S.A.*  Reconquista 661 - Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Applus Technologies, Inc.*  615, Dupont Highway, Kent County Dover, State of Delaware (USA)	Janx Holding, Inc.  1209 Orange Street, New Castle County, Wilmington, Delaware 19801 (USA)	Libertytown USA 1, Inc.  615, Dupont Highway, Kent County Dover, State of Delaware (USA)	Libertytown USA Finco, Inc.  615, Dupont Highway, Kent County Dover, State of Delaware (USA)
Registered office							
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Certification services through non-destructive testing.	Holding company	Holding company
Ownership interest held by Group companies:	100%	100%	100%	100%	100%	100%	100%
Direct	-	-	-	-	-	-	-
Indirect	-	-	-	-	-	-	-
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):							
Assets	866.359	102.074	8.096	87.552	53.899	207.822	231.575
Liabilities	465.906	196	4.054	48.922	38.218	159.201	231.878
Equity	400.453	101.878	4.042	38.629	15.681	48.621	(303)
Profit (Loss)	21.931	(73)	2.849	41	1.229	2.277	(275)

\* Audited Company

Name	Applus Iteve Euskadi, S.A., Sociedad Unipersonal *	Applus Chile, S.A. *	CTAG-Idiada Safety Technology, S.L. *	IDIADA Fahrzeugtechnik, GmbH	Applus Argentina, S.A. *	IDIADA Automotive Technology, S.A. *	Applus Iteve Andalucía, S.A.	Applus Iteve Technology, S.L.U. *	
Registered office	Polígono Ugaldegoron 1 Parcela 8, 48710 Zamudio, Vizcaya (Spain)	Monseñor Sotero Sarz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	Polígono Industrial A Granza, Parcelas 249-250, Porriño, Pontevedra (Spain)	Hochstatter Strasse 2, 85055 Ingolstadt (Germany)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	L'Albornoz, s/n BOX 20, 43710 Sta Oliva Tarragona (Spain)	Parque Empresarial San Isidro, c/ Graham Bell- Edificio San Isidro 18100 Armilla, Granada (Spain)	Campus de la UAB, carrerera d'accés a la Facultat de Medicina s/n 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (Spain)	
Line of business	Engineering, testing and certification	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Holding company	Engineering, testing and certification	Inactive	Vehicle roadworthiness testing	
Ownership interest held by Group companies:									
Direct									
Indirect									
Method used to account for the investment	100%	100%	50%	80%	100%	80%	57,50%	100,00%	
Date of the financial statements	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	
Other company information (in thousands of euros):									
Assets	12.742	14.361	1.769	4.866	714	93.418	1	260.392	
Liabilities	4.067	1.636	765	4.647	401	49.450	(1)	195.107	
Equity	8.675	12.725	1.004	219	313	43.968	2	65.285	
Profit (Loss)	1.857	2.265	492	122	103	12.929	(1)	(33.242)	

\* Audited Company



Name	Appplus Revisiones Técnicas de Chile, S.A. *	Appplus Danmark, A/S*	IDIADA CZ, A.S. *	KI Kasasajat, OY *	Inspecció Tècnica de vehicles i serveis, S.A.	Idiada Automotive Technology India PVT, Ltd *	Shangai IDIADA Automotive Technology Services Co. Ltd *	Appplus Euskadi Holding S.L.
Registered office	Monsenor Sotero Sanz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	Korsølsvej, 111 2610 Rodovre (Denmark)	Pražská 220/8, 500 04, Hradec Králové (Czech Republic)	Tuotekar 8B, 21200 Raisio (Finland)	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Vatika Triangle, 6th floor block- A Sushant, LOK-1 Mehrauli, GGN Road, Gurgaon Haryana (India)	Area D, 2nd floor, No. 23, Lane 3999, Xiupu Road, Kangqiao Town, Pudong New Area, Shanghai (China)	Poligono Ugaldeturen, 1 parcela 8, Zamudio, Vizcaya (Spain)
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Holding company
Ownership interest held by Group companies:								
Direct	100.00%	100.00%	80.00%	100%	50%	61%	80%	100%
Indirect								
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	2,056	47,510	5,950	11,180	512	3,056	9,837	21,981
Liabilities	504	17,702	2,645	3,976	131	2,153	3,722	31,224
Equity	1,743	29,808	3,305	7,204	381	904	6,114	(9,243)
Profit (Loss)	93	(682)	1,292	(113)	252	(25)	46	(19,629)

\* Audited Company

Name	Registered office	Line of business	Appius Portugal, Ltda.*	Appius México, S.A. de C.V.*	Inraplus, S.L.*	LGAI Chile, S.A.*
Appius Car Testing Services, Ltd.*	Arthur Cox Building, Earlsfort Terrace, Dublin (Ireland)	Vehicle roadworthiness testing	100% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	83% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
Idiada Tecnologia Automotiva, Ltda.*	Cidade de São Bernardo do Campo, Estado de São Paulo, na Rua Continental, nº 342, Vila Margarida, CEP 09750-060 (Brasil)	Engineering, testing and certification	80.00% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
Idiada Automotive Technology UK, Ltd.*	3 Jacknell Road, Dodswell's Bridge Industrial Estate Leicestershire LE10 3BS (UK)	Engineering, testing and certification	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
LGAI Technological Center, S.A.*	Campus de la UAB, carretera d'accés a la Facultat de Medicina s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (Spain)	Certificate	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
Appius México, S.A. de C.V.*	Bivd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Quality system audit and certification	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
Inraplus, S.L.*	Campus de la UAB, carretera d'accés a la Facultat de Medicina s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (Spain)	Provision and marketing of search and development services for the agricultural industry	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
LGAI Chile, S.A.*	Monseñor Sotero Sanz, 100-8°, Comuna de Providencia, Santiago de Chile (Chile)	Quality system audit and certification	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013

Ownership interest held by Group companies:

Direct

Indirect

Method used to account for the investment

Date of the financial statements

Other company information (in thousands of euros):

Assets

Liabilities

Equity

Profit (Loss)

\* Audited Company

Name	Appplus Costa Rica, S.A.	Appplus Norcontrol, S.L., Sociedad Unipersonal *	Novores Consultores, S.A., Sociedad Unipersonal *	Appplus Panamá, S.A	Norcontrol Panamá, S.A.	Norcontrol Chile, S.A.*	Norcontrol Inspección, S.A. de C.V. – México *	Norcontrol Guatemala, S.A. *	
Registered office	San Pedro Montes de Oca, Cortiguero al Aparthotel Los Yoses, Edificio Centro, Hispanico, Piso 2, San José (Costa Rica)	Ctra. Nacional V1-Km 582, 15168, Sada, A Coruña (Spain)	Parque Empresarial Las Mercedes, C/Campezo, 1. Ed.3, 28022, Madrid (Spain)	Urbanización Obarrio- C/ José Agustín Arando- Edificio Victoria Plaza, Piso 2 Local A, Ciudad de Panamá (Panama)	Urbanización Obarrio, C/José Agustín Arando, Edificio Victoria Plaza, Piso 2 Local A, Ciudad de Panamá (Panama)	Monseñor Soltero Sanz, 100-8º Comuna de Providencia, Santiago de Chile (Chile)	Blvd. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F. (México)	1ª, Calle 1-35, Zona 3, Don Justo, Fraijanes, Km 16.5 Carretera a El Salvador, Departamento de Guatemala (Guatemala)	
Line of business	Quality system audit and certification	Inspection, quality control and consultancy services	Services related to quality and safety in industrial plants, buildings, etc.	Certification	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Certification	
Ownership interest held by Group companies:	Direct	Indirect	Method used to account for the investment	Date of the financial statements	Other company information (in thousands of euros):	Assets	Liabilities	Equity	Profit (Loss)
	95%	95%	Full consolidation	31/12/2013	128	64	64	6	6
	95%	95%	Full consolidation	31/12/2013	143,064	111,277	31,787	(3,112)	(3,112)
	95%	95%	Full consolidation	31/12/2013	14,174	10,536	3,638	652	652
	95%	95%	Full consolidation	31/12/2013	24	97	(73)	.	.
	95%	95%	Full consolidation	31/12/2013	3,896	2,112	1,784	396	396
	95%	95%	Full consolidation	31/12/2013	6,400	5,746	654	(74)	(74)
	95%	95%	Full consolidation	31/12/2013	8,189	4,138	4,051	730	730
	95%	95%	Full consolidation	31/12/2013	4,275	5,232	(957)	(70)	(70)

\* Audited Company

Name	Appius Norcontrol Colombia, Ltda.*	Norcontrol Nicaragua, S.A.	Appius Agroambiental, S.A.*	Röntgen Technische Dienst Holding BV	Appius Centro de Capacitación, S.A.	RTD Quality Services, SRO*	RTD Belgium, N.V.*	Appius RTD France Holding, S.A.S*
Registered office	Calle 17, núm. 69-46 Bogotá (Colombia)	Colonial Los Robles, núm. 5, Managua (Nicaragua)	Partida Satams, s/n 25222 Sidamón, Lleida (Spain)	Deiftweg 144, 3046 NC Rotterdam (Holand)	Monseñor Sotero Sanz, 100-8º, Comuna de Providencia, Santiago de Chile (Chile)	U Stadionu 89, 530 02 Pardubice (Czech Republic)	Energilaan 10a, 2950, Kapellen (Belgique)	14 rue André Sentius, 69200, Venissieux (France)
Line of business	Inspection, quality control and consultancy services in the industry and services sector	Inspection, quality control and consultancy services in the industry and services sector	Certification	Holding company	Provision of training services	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company
Ownership interest held by Group companies:	95.53%	95.00%	62.63%	100%	95%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	21,749	851	2,210	256,207	183	2,686	2,867	911
Liabilities	10,684	756	1,361	66,766	162	703	2,267	853
Equity	11,065	95	849	189,441	21	1,983	600	58
Profit (Loss)	1,466	(75)	208	(7,707)	-	762	139	61

\* Atiditec Company

Name	Appius RTD France, S.A.S *	Appius RTD Deutschland inspektions- Gesellschaft, GmbH *	RTD B.V. *	RTD Quality Services Canada, Inc *	RTD Quality Services Nigeria Ltd. *	RTD Quality Services USA, inc (Group)	RTD Holding Deutschland, GmbH*	Appius RTD UK Holding, Ltd *
Registered office	14 rue André Sautou, 69200, Ventasieux (France)	Elisabethstr. 8, D-50226, Frechen (Germany)	Delhweg 144, 3046 NC Rotterdam (Holand)	10035, 105 Street Suite, 1000, Edmonton (Alberta), T5J3T2 (Canada)	B&B GOS Yard, NPA Express Way, Ekpan, Warri, Delta State (Nigeria)	Sam Houston Parkway W., Suite 200, Houston, TX 77031-2360 (USA)	Industriestr. 34, D- 44894, Bochum (Germany)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)
Line of business	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect								
Method used to account for the investment	100.00%	100.00%	100%	100.00%	78%	100%	100%	100%
Date of the financial statements	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013	Full consolidation 31/12/2013
Other company information (in thousands of euros):								
Assets	5,541	13,979	82,426	70,995	1,693	13,435	16,470	30,254
Liabilities	4,331	8,119	36,033	44,914	1,710	5,766	860	25,708
Equity	1,210	5,860	46,393	26,081	(18)	7,669	15,610	4,546
Profit (Loss)	90	127	5,176	3,058	(175)	1,145	117	14

\* Audited Company

Name	Appplus RTD PTE, Ltd (Singapore) *	Appplus Colombia, Ltda.*	Appplus (Shanghai) Quality Inspection Co., Ltd	Appplus RTD Certificering, B.V.	Appplus RTD PTY, Ltd (Australia) *	Appplus RTD Norway, AS *	Arctosa Holding, B.V.	Libertytown USA 2, Inc.
Registered office	70 Kian Teck, Singapore 628798 (Singapore)	Calle 17, núm 69-46, Bogotá (Colombia)	Zhang Jiang Hi-Tech Park, First Shuangi Centre Phase II, 180 Zhang Heng Rd, Building 2, 3rd floor, Shangai 201204 (China)	Rivium 1e straat 80, 2909 LE, Cappellet a/d IJssel (The Netherlands)	Unit 7-61, Walters Drive Osborne Park, WA 6017 (Australia)	Dusavikbasen, Bygg 13, 4029, Stavanger (Norway)	Gustav Mahlerlaan 10, 102PP, Amsterdam (Holland)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)
Line of business	Certification services through non-destructive testing	Certification	Inspection services in quality processes, production processes, technical assistance and consultancy.	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Holding company	Holding company
Ownership interest held by Group companies:								
Direct								
Indirect								
Method used to account for the investment	100,00%	95,30%	95%	100%	100%	100%	100%	100%
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	1,604	1,027	4,183	198	19,283	3,904	318,864	62,294
Liabilities	2,617	168	2,333	655	8,209	1,984	230,277	56,331
Equity	(1,012)	859	1,850	(457)	11,075	1,920	88,587	5,962
Profit (Loss)	119	444	163	1,274	38	504	(15,370)	(1,508)

\* Audited Company

Name	APP Management, S. de R.L. de C.V. *	Libertytown Appplus RTD Germany GmbH	Appplus Legal Maroc, Sarl	Appplus RTD Guif DMCC. *	Qualitec Engenharia de Qualidade, Ltda.	Appplus Legal Germany GmbH	BK Werstofftechnik-Prüfstelle Für Werkstoffe GmbH	RTD Brasil Investimentos, Ltda. *
Registered office	Bldv. Manuel Avila Canacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Industrie Strasse 34 b, 44894 Bochum, Germany	INDUSPARC Module N°11BD AHL LOGHLAM Route de TR Mellij Chemin Tertiare 1015 Sidi Moumen 20400, Casablanca (Marroco)	Dubai Multi Commodities Center, Dubai (Arab Emirates)	Cidade de Ibiricé, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marasil, CEP 31.400-000 (Brasil)	Zur Amundswiede 2, 28279 Bremen, Germany	Zur Amundswiede 2, 28279 Bremen, Germany	Cidade de São Bernardo do Campo, Estado De São Paulo, na Rua Continental, nº 342 - Parte, Vila Margareida, CEP 09730-060 (Brasil)
Line of business	Inspection, quality control and consultancy services in the industry and services sector	Holding company	Certification	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification	Certification	Certification services through non-destructive testing
Ownership interest held by Group companies:								
Direct	100%	100%	95%	100%	100%	95%	95%	100%
Indirect								
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	760	61,748	44	7,259	8,686	8,434	2,891	4,593
Liabilities	643	62,605	-	4,023	4,271	7,548	1,339	76
Equity	117	(857)	44	3,236	4,415	886	1,552	4,516
Profit (Loss)	21	(19,397)	190	1,647	(156)	495	-	(822)

\* Audited Company

Name	Burek und Partner, Gbr.	Assitico-Assosoria Inspecao e Controle, Lda	Applus Norcontrol Peru, S.A.C.	Kiefner & Associates Inc.	Jonh Davidson & Associates PTY, Ltd	JDA Wokman *	PT JDA Indonesia	Applus Norcontrol Consultoria e Engenharia, SAS
Registered office	Zur Amundswiede 2, 28279 Bremen, Germany	Rua Oliveira, nº 203, Bairro Jardim das Rosas, CEP 32400-000 Cidade de Ibirite, Estado de Minas Gerais (Brasil)	Calle Marconi, núm 165, Distrito San Isidro, Provincia y Departamento de Lima (Peru)	585 Scherers Court, Worthington, Franklin County, Ohio 43085 (USA)	Jetstream Business Park, Unit A3, 5 Grevillea Place, Eagle Farm QLD 4009 (Australia)	Level 2 ADF Haus, Mussgrave Street, Port Moresby, National Capital District (Papua New Guinea)	Plaza Antinia 7th floor, Jl. TB Simatupang Kav. 10, South Jakarta, Indonesia	Calle 17, núm. 69-46 Bogotá (Colombia)
Line of business	Certification	Certification services through non-destructive testing	Inspection, quality control and consultancy services in the industry and services sector	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Inspection, quality control and consultancy services in the industry and services sector
Ownership interest held by Group companies:								
Direct								
Indirect								
Method used to account for the investment								
Date of the financial statements	95% Full consolidation 31/12/2013	100% Full consolidation 31/12/2013	95.53% Full consolidation 31/12/2013	100% Full consolidation 31/12/2013	100% Full consolidation 31/12/2013	100% Full consolidation 31/12/2013	100% Full consolidation 31/12/2013	95% Full consolidation 31/12/2013
Other company information (in thousands of euros):								
Assets	197	194	933	3,374	1,832	4,831	6,374	147
Liabilities	28	474	723	580	2,354	1,261	4,667	83
Equity	169	(280)	211	2,794	(501)	3,570	1,707	64
Profit/(Loss)	(5)	(64)	81	816	(1,352)	563	1,114	69

\* Audited Company



<p>Name</p> <p>Registered office</p> <p>Line of business</p>	<p>Applus Yeosol Mongolia, LLC</p> <p>Sun Business center, floor 3, Sukhbaatar district, Prime Minister Amar street-29, Ulaanbaatar</p> <p>Certification services through non-destructive testing</p>	<p>Applus Testing Norway, AS</p> <p>Nordlysvegen 1, 4340 Bryne, Norway</p> <p>Certification</p>	<p>Applus Arabia L.L.C</p> <p>Riyadh, Kingdom of Saudi Arabia</p> <p>Certification</p>	<p>Applus II Meio Ambiente Portugal, Lda</p> <p>Rua Hermans Neves n.º 18, escritório 7, freguesia do Lumiar, Conselho de Lisboa, Portugal</p> <p>Inspection services in quality processes, production processes, technical assistance and consultancy.</p>	<p>Ringal Invest, S.L</p> <p>Carretera d'e acceso a la Facultat de Medicina s/n (Campus) Bellaterra-Cerdanyola del Vallès, (Barcelona) Spain</p> <p>Holding company</p>	<p>Applus Servicios Tecnológicos do Brasil, Ltda.</p> <p>Av. Das Nações Unidas, 1255 7º andar-04578-903Ruan Dom José de Barros, nº 177, 6º andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brasil)</p> <p>Inactive</p>	<p>Ownership interest held by Group companies:</p> <p>Direct</p> <p>Indirect</p> <p>Method used to account for the investment</p> <p>Date of the financial statements</p> <p>Other company information (in thousands of euros):</p> <p>Assets</p> <p>Liabilities</p> <p>Equity</p> <p>Profit (Loss)</p> <p>* Audited Company</p>
							<p>100%</p> <p>Full consolidation</p> <p>31/12/2013</p> <p>283</p> <p>389</p> <p>(106)</p> <p>(121)</p>
							<p>95%</p> <p>Full consolidation</p> <p>31/12/2013</p> <p>1,119</p> <p>1,601</p> <p>(482)</p> <p>(538)</p>
							<p>48.45%</p> <p>Full consolidation</p> <p>31/12/2013</p> <p>635</p> <p>441</p> <p>194</p>
							<p>95%</p> <p>Full consolidation</p> <p>31/12/2013</p> <p>769</p> <p>411</p> <p>358</p> <p>357</p>
							<p>100%</p> <p>Full consolidation</p> <p>31/12/2013</p> <p>4,048</p> <p>6</p> <p>4,042</p> <p>(4)</p>
							<p>100%</p> <p>Full consolidation</p> <p>31/12/2013</p> <p>2,312</p> <p>83</p> <p>2,229</p> <p>(84)</p>

Name	Registered office	Line of business	Ownership interest held by Group companies:	Method used to account for the investment	Date of the financial statements	Other company information: (in thousands of euros):
Velosi Sari*	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg	Holding company	100%	Full consolidation	31/12/2013	45,875 21,797 18,078 4,154
PDE International Ltd *	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Provision of consultancy and engineering services for the design of plants, construction and engineering	100%	Full consolidation	31/12/2013	1,227 759 488 (96)
SAST International Ltd *	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Provision of consultancy and engineering services	100%	Full consolidation	31/12/2013	37,868 9,969 27,899 (731)
Velosi Asset Integrity Ltd *	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Provision of specialised asset integrity management services for the oil, gas and petrochemical industries at worldwide level	80%	Full consolidation	31/12/2013	3,886 1,999 1,887 595
Velosi Project Management Ltd *	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Holding company	75%	Full consolidation	31/12/2013	281 244 37 929
Kurneo Pipeline Services Ltd	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Provision of specialised inspection services, management sales support, advisory and business development services	45%	Accounted for using the equity method	31/12/2013	(20) - (20) (7)
K2 International Ltd *	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses	100%	Full consolidation	31/12/2013	2,557 -534 2,023 835
Velosi America (Luxembourg) Ltd	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg	Holding company	100%	Full consolidation	31/12/2013	72 56 16 (67)

\* Audited Company

Name	Velosi Asia (Luxembourg) Ltd	Velosi Europe (Luxembourg) Ltd	Velosi Europe Ltd *	Velosi Certification Bureau Ltd *	Intec (UK) Ltd *	Velosi International Italy SpA
Registered office	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg	2, Avenue Charles de Gaulle, L-1653 Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg	Unit 4, Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QX Berkshire, United Kingdom.	Unit 4 Bennet Court, Bennet Road, Reading, Berkshire, RG2 0QX Berkshire, United Kingdom.	Brunel House, 9 Pentrod Way, Heysham, Lancashire, LA3 2UZ, LA3 2UZ Lancashire, United Kingdom.	23807 Merate (LC), via De Gasperi, 113, Merate, Italy
Line of business	Provision of management, sales support, advisory and business development services	Holding company	Provision of technical, engineering and industrial services	Provision of technical, engineering and industrial services	Provision of consultancy, training and human resources services	Provision of technical, engineering and industrial services
Ownership interest held by Group companies.	100%	100%	100%	60%	60%	80%
Direct						
Indirect						
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):						
Assets	599	600	9,817	794	4,441	3,693
Liabilities	398	346	8,270	1,374	679	2,088
Equity	201	254	1,548	(580)	3,762	1,605
Profit (Loss)	(106)	(52)	317	(39)	703	959

\* Audited Company

Name	Velosi PSC Srl *	IES - Velosi Norge AS *	Velosi TK Cozetim Hizmetleri Limited Sirketi	Velosi LLC *	Velosi Malta I Ltd *	Velosi Malta II Ltd *	Velosi Industries Sdn Bhd *	Velosi Specialised Inspection Sdn Bhd *
Registered office	Via Chiquantenero, 8 - 24044 Dalmine, Bergamo (BG), Italy.	Dølevengen, 86, Post Box. 2096 N-5541 Kolnes, Kongsberg, Norway.	1042, Caddi 1319 Sokak No 9/5 Oyceder, Ankara, Turkey.	Azadig Avenue 189, Apt 61, AZ1130 Baku, Azerbaijan.	Level 5, The Mall Complex, The Mall, Floriana, Malta	Level 5, The Mall Complex, The Mall, Floriana, Malta	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Mahuri, Jalan Jejaka, Taman Mahuri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Mahuri, Jalan Jejaka, Taman Mahuri, 55100 Kuala Lumpur, Malaysia.
Line of business	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Provision of quality assurance and quality control, inspection, skilled labor, certification and legal inspection, asset integrity management services and training for oil and gas companies	Holding company	Holding company	Investments, investment property and provision of engineering services	Provision of engineering and inspection services
Ownership interest held by Group companies:								
Direct								
Indirect								
Method used to account for the investment								
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	6,841	726	162	94	23,621	6,295	39,461	1,010
Liabilities	3,899	271	155	142	37	20	34,890	1,397
Equity	2,942	455	7	(47)	23,584	6,275	4,571	(386)
Profit (Loss)	1,314	145	1	(47)	(29)	(21)	2,477	43

\* Audited Company

Name	Kurtec Inspection Services Sdn Bhd *	Kurtec Inspection Services Pte Ltd *	Kurtec Tube Inspection Sdn Bhd *	Velosi Plant Design Engineers Sdn Bhd *	K2 Specialist Services Pte Ltd *	SEA Team Solutions (M) Sdn Bhd *	Velosi Engineering Projects Pte Ltd *
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia	45 Cantonment Road, 089748, Singapore.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia	45 Cantonment Road, Singapore 089748	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	21, Bukit Barok Crescent, Unit #25-B2, WCEGA Tower, 658065 Singapore, Singapore
Line of business	Provision of non-destructive testing (specialised NDT) services, inspection of guided wave long range ultrasonic testing (LRUT) and remote visual inspection	Specialised provision of non-destructive testing, which includes remote visual inspection, pipe inspection and inspection of guided wave long range ultrasonic testing	Provision of specialised non-destructive testing (NDT) inspection and cleaning of pipes and tanks	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Training/hiring of specialised staff	Provision of third-party inspection services
Ownership interest held by Group companies:			82.50%	100%	100%	100%	75%
Direct							
Indirect							
Method used to account for the investment	65%	65%	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):							
Assets	998	285	299	1,554	15,673	6	4,155
Liabilities	161	13	8	2,905	5,858	0	897
Equity	836	272	291	(1,351)	9,815	6	3,258
Profit (Loss)	181	(54)	37	(21)	4,240	(4)	1,272
* Audited Company							

Name	Velosi Technical Services Ltd *
Registered office	Level 12, 28 Hennessy Road, Wanchai, Hong Kong
Line of business	Inactive
Ownership interest held by Group companies:	
Direct	100%
Indirect	
Method used to account for the investment	Full consolidation
Date of the financial statements	31/12/2013
Other company information (in thousands of euros)	
Assets	2,316
Liabilities	2,032
Equity	284
Profit/(Loss)	(499)
* Audited Company	
	Velosi China Ltd *
	RM502, No.2 HuYiYang Building, 1139 Lane, Pudong Avenue, PRC 200135 Shanghai, China.
	Provision of consultancy for oil engineering management consultancy for mechanical engineering and business management consultancy
	100%
	Full consolidation
	31/12/2013
	255
	204
	51
	147
	1,451
	303
	1,148
	(6)
	Velosi (Vietnam) Co Ltd *
	Suite 250 Piero Tower, 8 Hoang Dieu Street, Vung Tau City, Vietnam.
	Provision of projection inspection services and verification, certification and inspection of the machinery, platforms, cranes and drilling equipment (through non-destructive testing) and recruitment services
	100%
	Full consolidation
	31/12/2013
	637
	764
	(128)
	(192)
	10,405
	6,787
	3,618
	1,340
	615
	177
	439
	(5)
	Velosi Saudi Arabia Co Ltd *
	Office 103, First Floor Business City Building-Homy Electronics, King Abdulaziz St., Al Zohur Area, Dammam 31462, Kingdom of Saudi Arabia.
	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates
	60%
	Full consolidation
	31/12/2013
	615
	177
	439
	(5)
	Velosi (HK) Ltd *
	Level 12, 28 Hennessy Road, Wanchai, Hong Kong
	Provision of management services, sales support, advisory and business development services to related companies
	100%
	Full consolidation
	31/12/2013
	615
	177
	439
	(5)
	Kurtec Pipeline Services LLC *
	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.
	Quality control, maintenance and inspection
	45%
	Accounted for using the equity method
	31/12/2013
	(1,894)
	434
	(2,328)
	(764)
	Velosi Energy Consultants Sdn Bhd *
	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.
	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor
	100%
	Full consolidation
	31/12/2013
	2,316
	2,032
	284
	(499)

Name	Velosi Sam Co Ltd *	Velosi Certification Services Co Ltd*	Velosi Integrity & Safety Pakistan (Pvt) Ltd*	Velosi Corporate Services Sdn Bhd *	Velosi International Holding Company BSC (c) *	Velosi Certification Services LLC *	Velosi Certification WLL *	PT Java Velosi Mandiri *
Registered office	56 Silom Rd, Yada Building Pl 9/905, Suriyawongse, Bangrak, 10500 Bangkok, Thailand	56 Silom Rd, Yada Building Pl 9/905, Suriyawongse, Bangrak, 10500 Bangkok, Thailand	Office No. 401, 4th Floor, Business Centre, Block 6, P.E.C.H.S. Society, 74000 Karachi, Pakistan.	C/o ACL Management Associates Sdn Bhd, No 152 3-18A, Komplek's Malluri, Jalan Lejaka, Taman Malluri, 55100 Kuala Lumpur, Malaysia	41, Adivya, Manama, Block 327, Road 2831, Building 2291, Bahrain	# 201 & 205, Block B, Abu Dhabi Business Hub, ICAD 1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	28, 1st Floor, Bubyan Complex, Dhajit Farwaniya, Kuwait, P.O. Box -1589, 22016 Salmiya, Kuwait.	Roxy Mas, Blok E.I. No. 5, Jl. K.H. Hasyim Ashari, Cideng Gambir, Jakarta Pusa
Line of business	Holding company	Provision of engineering and technical services	Provision of support engineering services, inspections based on risk, reliability control maintenance, assessment of the safety integrity level, suitability for management studies, development of data management control systems, quality management system certification, specialised non-destructive testing services, approval of the design review, third-party inspection services and inspection of plants and access engineering.	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Holding company of a group of commercial, industrial and service companies	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Provision of industrial consultancy	Provision of engineering consultancy services, such as quality control and non- destructive testing (NDT) inspection services, provision of skilled labor with vocational training
Ownership interest held by Group companies:	96.65%	98.29%	70%	100%	100%	100%	100%	70%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	118	404	773	9,797	13,893	14,921	3,290	5,859
Liabilities	(31)	104	585	12,484	1,516	7,364	1,746	4,816
Equity	(13)	299	188	(2,687)	12,377	7,557	1,545	1,044
Profit (Loss)	(23)	(25)	165	(3,236)	4,092	1,168	329	88

\* Audited Company

Name	Registered office	Line of business	Ownership interest held by Group companies:	Method used to account for the investment	Date of the financial statements	Other company information (in thousands of euros):
Velosi Certification WLL *	Building No.121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha, Qatar.	Provision of inspection and analysis and technical services in the area of qualified technical jobs	75%	Full consolidation	31/12/2013	18,081 10,463 7,617 2,131
Velosi PromService LLC	Russian Federation, 115035 Moscow, Sadovnicheskaya Street 22/15, Building 1, 1st Floor, Office 2.	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries	90%	Full consolidation	31/12/2013	3,835 2,541 1,294 284
Velosi LLC	Yuzhno-Sakhalinsk, Kommunisticheskyy Prospekt, 32, Suit 610, Sakhalin, Russia.	Inactive	100%	Full consolidation	31/12/2013	- 134 (134) -
PDE Inovasi Sdn Bhd *	C/o AGI Management Associates Sdn Bhd, No. 132 3-18A, Kompleks Malluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Provision of consultancy and engineering services for the design, construction and engineering of the works of the plant	100%	Full consolidation	31/12/2013	12 6 7 6
Velosi Bahrain WLL *	Al Adhiya, Manama, Block 327, Road 2831, Building 2291, Bahrain	Provision of industrial inspection services, services for the management of facilities, quality and service issuance certificates	100%	Full consolidation	31/12/2013	569 655 13 (12)
Velosi LLC *	Block No: 227, Stella Building # 3279, Post Box # 231, Hamriya, Way No: 2748, POSTAL CODE: 131 Hamriya, Sultanate of Oman	Provision of quality assurance and quality control certification for the oil and gas industries	50%	Full consolidation	31/12/2013	13,219 6,168 9,051 4,773
Velosi Quality Management International LLC *	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	Provision of certification, engineering and inspection, onshore and/or offshore services	60%	Full consolidation	31/12/2013	226 308 (82) 42

\* Audited Company



Name	Velosi CBL (M) Sdn Bhd *	Velosi LLP	Rina-V Ltd *	Velosi North Africa (branch) *	Velosi (B) Sdn Bhd *	Velosi Utak FZC
Registered office	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Suite 22, Building 56, Almaty Block 6, Kazakhstan.	Unit 1703, 17th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong, Hong Kong.	4 Syaed Abdel Wahed St., Roxy Helopolis, Egypt.	Lot 5211, Spg. 357, Jln Maslana, KA 2931 Kuala Belait, Negara Brunei Darussalam.	C/o Equilibrium FZE, PB No. 49561, Hamriyah Free Zone, Sharjah, UAE.
Line of business	Provision of equipment inspection services.	Inactive	Holding company	-	Provision of quality control and engineering services for the oil and gas industries.	Business and management consultancy.
Ownership interest held by Group companies: Direct Indirect	60%	80%	50%	100%	50%	60%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Accounted for using the equity method	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):						
Assets	328	229	-	562	1,641	619
Liabilities	240	164	-	243	1,065	545
Equity	88	65	-	319	576	74
Profit (Loss)	(21)	48	-	(16)	213	(4)

\* Audited Company

Name	Registered office	Line of business	Ownership interest held by Group companies:	Direct	Indirect	Method used to account for the investment	Date of the financial statements	Other company information (in thousands of euros)	Assets	Liabilities	Equity	Profit (Loss)
Velosi Certification Services LLC	17, Chamkent Street, Mirobod District, 100029 Tashkent, Uzbekistan	Provision of inspection, certification, monitoring and other types of business activity	80.00%	Full consolidation	31/12/2013	(103)	(2)	(101)	(112)			
Velosi Philippines Inc *	1004, 10F, Pagbig WT Tower, Cebu Business Park, Ayala, Cebu City, Philippines	Provision of business process outsourcing	99.90%	Full consolidation	31/12/2013	144	140	4	(5)			
Velosi Ukraine LLC	4Mykolaj, Hrinchenka Street, 03680 Kyiv, Ukraine	Provision of ancillary services in the oil and natural gas industries	100%	Full consolidation	31/12/2013	74	140	(66)	(122)			
Djika & Furat Quality Assurance, LLC	Ramadan Area, District 623-S, No.11, Baghdad, Iraq	Provision of inspection, quality control and certification services	100%	Full consolidation	31/12/2013	27	330	(303)	(314)			
ApplusVelosiOMS	108, Jin-ha, Seo-sang, Ulsan, Republic of Korea	Provision of inspection, quality control and certification services	66.60%	Full consolidation	31/12/2013	526	345	181	-			
Steel Test (Pty) Ltd *	28 Senator Road, 1930 Vereeniging, Republic Of South Africa	Pipe and steel thickener testing	100%	Full consolidation	31/12/2013	3,157	1,337	1,820	523			
Velosi (Ghana) Ltd *	P O.Box OS 0854, OSU, ACCRA, Ghana	Provision of inspection, quality control and certification services	100%	Full consolidation	31/12/2013	692	783	(92)	19			
Velosi Angola Prestacao de Servicos Ltda *	Rua Marten Ngouabi, 37, 5th Floor, Apr 53, Maranga, Luanda, Angola	Provision of quality control and assurance services	75%	Full consolidation	31/12/2013	21,510	12,084	9,426	2,272			

\* Audited Company

Name	Velosi SA (Pty) Ltd *	Velosi Superintendend Nigeria Ltd *	Velosi SA (Pty) Ltd *	K2 Do Brasil Services Ltda *	Applus Velosi America LLC *
Registered office	1st Floor, AMR Building I, Concorde Road East, Bedfordview, 2008 Gauteng, South Africa.	C/O The Law Union, 10 Balarabe Musa Crescent, Victoria Island, Lagos, Nigeria	222 Pembright, Suite 230, Houston, 77099 Texas, United States of America.	Avenida Nossa Senhora da Gloria, 2427, Sobrelaja, Sala 01, Cavaleiros, Macae, RJ, CEP27920-360, Macae, Brazil.	
Line of business	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Provision of services related with the quality of the oil and gas industries	Provision of labor supply services for the oil and gas industries	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor.	
Ownership interest held by Group companies	100%	100%	100%	100%	100%
Direct					
Indirect					
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):					
Assets	2,843	518	986	25,113	
Liabilities	5,600	1,517	1,433	26,199	
Equity	(2,757)	(1,000)	(447)	(1,086)	
Profit (Loss)	(64)	(458)	134	(429)	

\* Audited Company

Name	Registered office	Line of business	Ownership interest held by Group companies.	Direct	Indirect	Method used to account for the investment	Date of the financial statements	Other company information (in thousands of euros)	Assets	Liabilities	Equity	Profit (Loss)
Applus Velosi Canada Ltd	c/o Merami Reimer LLP, Suite 300, 714, 1st Street SE, Calgary, Alberta, T2G 2G8, Canada	Inactive	100%	100%	Full consolidation	31/12/2013	433 492 (58) 37					
Testex Inspection, LLC	535 Old Frankstown Road, Pittsburgh, 15229, Pennsylvania	Inactive	100%	100%	Full consolidation	31/12/2013	4,897 1,538 3,359					
Velosi (PNG) Ltd	Level 3, Pacific Place, Corner Masgrave Street & Champion Parade, Port Moresby, NCD, Papua New Guinea.	Architecture and engineering technical services and related technical consultancy	100%	100%	Full consolidation	31/12/2013	28 42 (14) (10)					
Velosi Australia Pty Ltd	Newcombe Clifton Atkins 9, Bishop Street Lotimont, 6014 Western Australia, Australia.	Holding company	100%	100%	Full consolidation	31/12/2013	7,699 6,714 985 338					
QA Management Services Pty Ltd *	Suite 5/202 Hampden Rd, 6009 Nedlands, WA, Australia.	Provision of quality assurance services, such as worldwide inspection and ISO 9000 Quality Management Consultancy, training courses, quality control software packages and specialised labor services	100%	100%	Full consolidation	31/12/2013	8,899 3,855 5,044 1,613					

\* Audited Company

Appendix II - Companies not included in the scope of consolidation

Name	Yelori Do Brasil Ltda	Yelori Cameroon SARL	Yelori Uganda LTD	Yelori Gabon PTE LTD CO (SARL)	Sitel Test Secunda (PTY) LTD.*	Yelori Mozambique (Pty) Ltd
Registered office	Prévia Do Flamengo 712, 9 Avenida Pêra Flamingo, Rio De Janeiro, Brazil.	Douala, PO Box 13615, Akwa, Cameroon	c/o PWC Ltd, PO Box 5085, Kampala, Uganda	Cité Shell, BP 2 267 - Port- Gentil.	11 Viscount Road Bedfordshire 2007, South Africa.	Mozambique
Line of business	Inactive	Inactive	Inactive	Inactive	Inactive	Inactive
Ownership interest held by Group companies:						
Direct	98%	100%	98-99%	100%	100%	100%
Indirect	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Date of the financial statements						
Other company information (in thousands of euros):						
Assets	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Profit (Loss)	-	-	-	-	-	-

\* Audited Company



Name	Libertytown Australia, PTY, Ltd. *	Appplus RTD UK, Ltd *	Appplus RTD AG	Appplus RTD GmbH (Austria) *	Vantage NDT Kabushiki K.	Appplus RTD SP. z.o.o.	Appplus Energy, S.L.	RTD Slovakia, s.r.o. *
Registered office	Unit 7-61, Walters Drive Osborne Park, WA 6017 (Australia)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	Aeschenvorstadt 71, CH- 4051, Basel (Switzerland)	Hauptstr. 26, 7201, Neudorf (Austria)	4-3-9 Nihonbashi Murotsuchi, Chuoh- ku, Tokyo (Japan)	Racławicka, 19, 41-506 Chorzów, Poland	Campus de la UAB, carretera d'accés a la Facultat de Medicina s/n, 08193 Bellaterra- Cerdanyola del Vallès, Barcelona (Spain)	Vicie Hrdlo, 824, Bratislava (Slovakia)
Line of business	Holding company	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification	Certification services through non-destructive testing
Ownership interest held by Group companies:	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	34,603	10,730	11	606	44	34	3,560	-
Liabilities	12,660	5,789	5	77	-	16	1,277	4
Equity	21,944	4,941	6	529	44	18	2,283	(4)
Profit (Loss)	(2,970)	859	641	15	1,305	(9)	(55)	(1)

\* Audited Company

Name	Technico, Inc. (Group) Suite 600, 570, Queen Street, Fredericton New Brunswick (Canada)	Applus Automotive Services, S.L., Sociedad Unipersonal Campus de la UAB, carretera d'accés a la Facultat de Medicina s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (Spain)	Quality Assurance LABS, Inc. (USA) One William Street, Portland (USA)	Quality Inspection Services, Inc. Suite 400, Cathedral Park Tower, 37 Franklin Street, Buffalo, New York 14202 (USA)	Applus RTD Canada, LP 160 King Street West, suite 6100, Toronto, M5X 1B8 (Canada)	Applus Lgati Belgelendirme ve Muayene, Ltd. İstanbul, Şişli County, Maslak Region, Dereboyu Cd. Zümrüt Sk. No:5 K.3 Şişli - Maslak / İstanbul (Turkey)	Applus RTD Denmark, AS * Skippergade 1, 6700, Esbjerg (Denmark)	Valley Industrial X-Ray and Inspection Services, Inc. 6201 Knusden Drive, Bakersfield, CA (USA)
Registered office								
Line of business	Certification services through non-destructive testing	Lease of vehicles	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification	Certification services through non-destructive testing	Certification services through non-destructive testing
Ownership interest held by Group companies:	100%	100%	100%	100%	100.00%	95.00%	100%	100%
Direct								
Indirect								
Method used to account for the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Date of the financial statements	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Other company information (in thousands of euros):								
Assets	1,711	639	2,701	6,213	6,693	35	1,717	15,206
Liabilities	1,275	2	1,020	7,224	504	18	613	9,794
Equity	436	637	1,680	(1,011)	6,189	17	1,104	5,411
Profit (Loss)	(124)	(121)	777	(1,080)	714	349	16	(1,968)

\* Audited Company