

**Applus Services, S.A.**  
Financial Statements  
for the year ended 31 December 2016  
and Directors' Report, together with  
Auditors' Report

*Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.*

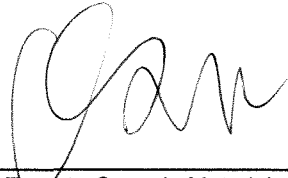


The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the individual financial statements of Applus Services, S.A. (comprising the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the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

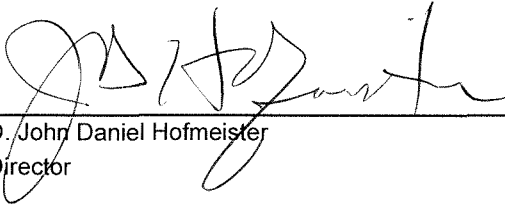
Barcelona, 22 February 2017



D. Christopher Cole  
Chairman



D. Ernesto Gerardo Mata López  
Director



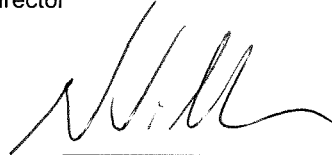
D. John Daniel Hofmeister  
Director



D. Fernando Basabe Armijo  
Director



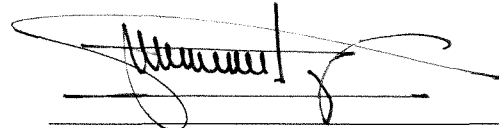
D. Richard Campbell Nelson  
Director



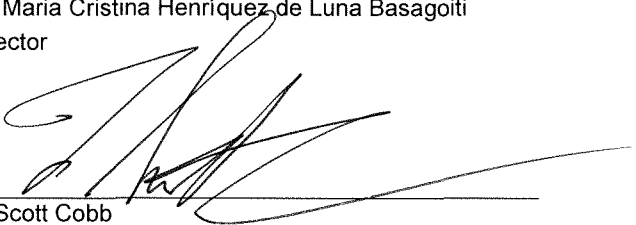
D. Nicolás Villén Jiménez  
Director



Dª. Maria Cristina Henríquez de Luna Basagoiti  
Director



D. Claudi Santiago Ponsa  
Director



D. Scott Cobb  
Director



*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.*

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the shareholders of  
Applus Services, S.A.:

### **Report on the Financial Statements**

We have audited the financial statements of Applus Services, S.A., which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Applus Services, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2.1 to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Applus Services, S.A. as at 31 December 2016, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

### **Report on Other Legal and Regulatory Requirements**

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

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

Deloitte  
initialled for identification  
purposes only

Raimon Ripoll

24 February 2017

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(Thousands of Euros)

ASSETS	Notes	31/12/16	31/12/15	EQUITY AND LIABILITIES	Notes	31/12/16	31/12/15
<b>NON-CURRENT ASSETS:</b>		<b>1,558,255</b>	<b>1,589,060</b>	<b>EQUITY:</b>		<b>1,028,160</b>	<b>1,009,393</b>
<b>Non-current investments in Group companies and associates-</b>		<b>1,520,066</b>	<b>1,543,297</b>	<b>SHAREHOLDERS' EQUITY-</b>		<b>1,028,160</b>	<b>1,009,393</b>
Equity instruments	5.1	1,111,168	1,110,503	Share capital	7.1	13,002	13,002
Loans to companies	5.1 & 11.2	408,898	432,794	Share premium	7.2	313,525	313,525
Deferred tax assets	9.5	38,189	45,763	Reserves	7.2	677,733	655,966
				Treasury shares	7.3	(2,837)	(7,883)
				Profit for the year		26,737	34,783
				<b>NON-CURRENT LIABILITIES:</b>		<b>543,092</b>	<b>569,608</b>
				Non-current payables-	8	460,785	483,308
				Non-current payables to Group companies and associates	11.2	82,307	86,300
				<b>CURRENT LIABILITIES:</b>		<b>331,630</b>	<b>308,491</b>
<b>CURRENT ASSETS:</b>		<b>344,627</b>	<b>298,432</b>	<b>Current payables-</b>	8	<b>837</b>	<b>35,168</b>
<b>Trade and other receivables-</b>		<b>8,926</b>	<b>9,312</b>	Bank borrowings		837	28,583
Receivable from Group companies and associates	11.2	1,249	4,056	Derivatives	6	-	6,585
Corporate income tax receivables	9.1	7,677	5,256	<b>Current payables to Group companies and associates</b>	11.2	<b>322,077</b>	<b>261,317</b>
<b>Current investments in Group companies and associates-</b>	<b>5.2 &amp; 11.2</b>	<b>299,901</b>	<b>279,782</b>	<b>Trade and other payables-</b>		<b>8,716</b>	<b>12,006</b>
Short-term loans to Group companies and associates		294,511	271,343	Payable to suppliers		102	100
Other financial assets		5,390	8,439	Sundry accounts payable		603	791
<b>Cash and cash equivalents</b>	<b>5.3</b>	<b>35,800</b>	<b>9,338</b>	Remuneration payable		7,766	10,825
				Tax payables	9.1	245	290
<b>TOTAL ASSETS</b>		<b>1,902,882</b>	<b>1,887,492</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,902,882</b>	<b>1,887,492</b>

The accompanying Notes 1 to 15 and Appendix I are an integral part of the statement of financial position as at 31 December 2016.

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Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENT OF PROFIT OR LOSS FOR 2016

(Thousands of Euros)

	Notes	2016	2015
<b>CONTINUING OPERATIONS:</b>			
<b>Revenue-</b>	10.1	<b>62,657</b>	<b>65,128</b>
Services		3,300	3,429
Dividend revenue		33,229	36,200
Finance revenue to Group companies and associates		26,128	25,499
<b>Staff costs-</b>	10.2	<b>(8,812)</b>	<b>(10,112)</b>
Wages, salaries and similar expenses		(8,645)	(9,946)
Employee benefit costs		(167)	(166)
<b>Other operating expenses-</b>		<b>(2,302)</b>	<b>(2,631)</b>
Outside services		(2,089)	(2,219)
Taxes other than income tax		(213)	(412)
<b>PROFIT FROM OPERATIONS</b>		<b>51,543</b>	<b>52,385</b>
<b>Finance income-</b>		<b>85</b>	<b>24</b>
From marketable securities and other financial instruments of third parties		85	24
<b>Finance costs-</b>		<b>(28,045)</b>	<b>(26,455)</b>
On debts to Group companies and associates	10.3 & 11.1	(16,859)	(13,374)
On debts to third parties	10.3	(11,186)	(13,081)
<b>Exchange differences</b>		<b>2,422</b>	<b>8,442</b>
<b>FINANCIAL LOSS</b>		<b>(25,538)</b>	<b>(17,989)</b>
<b>PROFIT BEFORE TAX</b>		<b>26,005</b>	<b>34,396</b>
Corporate income tax	9	732	387
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>26,737</b>	<b>34,783</b>
<b>DISCONTINUED OPERATIONS:</b>			
Profit for the year from discontinued operations net of tax		-	-
<b>PROFIT FOR THE YEAR</b>		<b>26,737</b>	<b>34,783</b>

The accompanying Notes 1 to 15 and Appendix I are an integral part of the statement of profit or loss for 2016.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

**APPLUS SERVICES, S.A.**

**STATEMENTS OF CHANGES IN EQUITY FOR 2016**  
**A) STATEMENT OF RECOGNISED INCOME AND EXPENSE**

(Thousands of Euros)

	2016	2015
<b>PROFIT PER INCOME STATEMENT (I)</b>	<b>26,737</b>	<b>34,783</b>
Income and expense recognised directly in equity:		
Arising from cash flow hedges	-	-
Tax effect	-	-
<b>Total income and expense recognised directly in equity (II)</b>	<b>-</b>	<b>-</b>
Transfers to profit or loss:		
Arising from cash flow hedges	-	-
Tax effect	-	-
<b>Total transfers to profit or loss (III)</b>	<b>-</b>	<b>-</b>
<b>Total recognised income and expense (I+II+III)</b>	<b>26,737</b>	<b>34,783</b>

The accompanying Notes 1 to 15 and Appendix I are an integral part of the statement of recognised income and expense for 2016.

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In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR 2016

#### B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousands of Euros)

	Share capital	Share premium	Reserves	Treasury shares	Prior years' losses	Profit (Loss) for the year	Total
<b>BALANCE AT BEGINNING OF 2015</b>	13,002	350,857	650,679	(5,407)	(31,649)	13,607	991,089
Total recognised income and expense	-	-	-	-	-	34,783	34,783
Allocation of 2014 profit	-	-	(3,295)	-	-	(13,607)	(16,902)
Transactions with shareholders							
- Offset of capital increase expenses	-	(5,683)	5,683	-	-	-	-
- Offset of prior years' losses	-	(31,649)	-	-	31,649	-	-
- Transactions with treasury shares	-	-	2,899	(2,476)	-	-	423
<b>2015 ENDING BALANCE</b>	13,002	313,525	655,966	(7,883)	-	34,783	1,009,393
Total recognised income and expense	-	-	-	-	-	26,737	26,737
Allocation of 2015 profit	-	-	17,881	-	-	(34,783)	(16,902)
Transactions with shareholders							
- Transactions with treasury shares	-	-	3,886	5,046	-	-	8,932
<b>2016 ENDING BALANCE</b>	13,002	313,525	677,733	(2,837)	-	26,737	1,028,160

The accompanying Notes 1 to 15 and Appendix I are an integral part of the statement of changes in total equity for 2016.

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Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

**APPLUS SERVICES, S.A.**

**STATEMENT OF CASH FLOWS FOR 2016**

(Thousands of Euros)

	Notes	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I):</b>		<b>23,569</b>	<b>36,063</b>
Profit for the year before tax		26,005	34,396
<b>Adjustments for-</b>			
Dividend revenue	10.1 & 11.1	(33,229)	(36,200)
Finance income	10.1 & 11.1	(26,128)	(25,499)
Finance costs	10.3	28,045	26,455
Exchange differences		(2,422)	(8,442)
<b>Changes in working capital-</b>			
Trade and other receivables		4,234	9,730
Trade and other payables		(382)	(1,131)
Other current liabilities		7,991	3,797
<b>Other cash flows from operating activities-</b>			
Dividends received		36,278	34,162
Interest paid		(26,651)	(19,457)
Interest received		17,213	22,472
Corporate income tax paid		(3,114)	1,923
Other receivables and payables		(4,271)	(8,143)
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II):</b>		<b>19,976</b>	<b>(87,552)</b>
<b>Proceeds from disposal-</b>			
Group companies and associates	5.1 & 5.2	38,163	73,519
<b>Payments due to investment-</b>			
Loans to Group companies and associates	5.1 & 5.2	(18,187)	(161,071)
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III):</b>		<b>(19,058)</b>	<b>61,778</b>
<b>Proceeds and payments relating to financial liability instruments-</b>			
Proceeds from issue of bank borrowings	8	-	25,322
Proceeds from issue of borrowings from Group companies and associates	11.2	58,845	88,515
Repayment of bank borrowings	8	(53,593)	(15,000)
Repayment and amortisation of borrowings with Group companies and associates	11.2	(7,408)	(20,157)
<b>Dividend payments and remuneration of other equity instruments-</b>			
- Dividends		(16,902)	(16,902)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV):</b>		<b>1,975</b>	<b>(1,974)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>26,462</b>	<b>8,315</b>
Cash and cash equivalents at beginning of year		9,338	1,023
Cash and cash equivalents at end of year		35,800	9,338

The accompanying Notes 1 to 15 and Appendix I are an integral part of the statement of cash flows for 2016.

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## **Applus Services, S.A.**

### **Notes to the financial statements for the year ended 31 December 2016**

#### **1. Company activities**

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

The Company is established at Campus de la UAB, Ronda de la Font del Carme s/n, Bellaterra, Cerdanyola del Vallès (Barcelona).

The Company purpose is as follows:

- To provide services in relation to the transport sector and vehicle and highway safety (engineering processes, design, testing, approval and certification of used cars), as well as technical inspections in sectors other than the automotive sector, with a blanket exclusion of activities that are covered by special legislation.
- The technical audits of all types of installations for technical inspection or control of vehicles located anywhere in Spain or abroad, as well as any other type of technical inspection other than vehicles.
- The production and execution of studies and projects in relation to the previously mentioned activities: economic, industrial, property, information technology, market surveys and research, as well as the supervision, direction and provision of services and advice in the execution thereof. Provision of services, advice, administration, operation and management, whether technical, fiscal, legal or commercial.
- Business intermediation services, both locally and abroad.
- To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with administration, consultancy, audit, certification, approval, personnel training and qualification, and technical assistance in general in order to improve the organization and management of quality, safety and environmental aspects.
- To carry out studies, works, measurements, tests, analyses and controls, in laboratories or in situ, and such other professional methods and actions considered necessary or advisable, in particular those related to manufacturing materials, equipment, products and installations, in the fields of mechanics, electricity, electronics and information technology, transport and communications, administrative organization and office automation, mining, food, environment, construction and civil works, performed during the stages of design, planning, manufacturing, construction and assembly and commissioning, maintenance and production for all types of companies and entities, both public and private, as well as before the Central State Administration, the Administrations of Autonomous Communities, Provinces and Municipalities, and all types of agencies, institutions and users, whether within the country or abroad.

- The purchase, holding and administration, whether direct or indirect, of shares, corporate interests, quota shares and any other form of holding or interest in the capital and/or securities granting right to the obtaining of shares, corporate interests, quota shares, or other holdings or interests in companies of any type, with or without legal personality, established in accordance with Spanish law or any other applicable legislation, in accordance with Article 107 et seq. of the Law 27/2014, of 27 November, of the Spanish Income Tax Law, or by such legislation as may replace it, as well as the administration, management and guidance of such companies and entities, whether directly or indirectly, by means of the membership, attendance and holding of positions on any governing and management bodies of such companies or entities, carrying out the described advisory, management and guidance services making use of the corresponding organization of material and personnel means. An exception is made for those activities expressly reserved by law for Collective Investment Institutions, as well as for that expressly reserved by the Securities Market Act for investment service companies.

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

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

Since 9 May 2014 the shares of the Company are listed on the Madrid stock exchange.

The detail of the companies directly and indirectly owned by the Company is shown in Appendix I. In view of the business activities carried on by the Company, 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 the notes to the financial statements.

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

### ***2.1. Regulatory financial reporting framework applicable to the Company***

The present financial statements for 2016 were formally prepared by the Company's Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- a) The Spanish Commercial Code and all other Spanish corporate law.
- b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.
- c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- d) All other applicable Spanish accounting legislation.

## **2.2. Fair presentation**

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2016. These financial statements, which were formulated by the Company's Directors, will be submitted for approval at the Annual General Meeting, and it is considered that they will be approved without any changes.

The financial statements for 2015 were approved at the Annual General Meeting held on 22 June 2016.

## **2.3. Non-obligatory accounting principles applied**

No non-obligatory accounting principles were applied. Also, the Directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon.

All obligatory accounting principles were applied.

## **2.4. Key issues in relation to the measurement and estimation of uncertainty**

In preparing the accompanying financial statements estimates were made by the Company's Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets (see Note 4.1).
- The fair value of certain financial instruments (see Note 4.1).
- The calculation of certain provisions (see Note 4.5).
- The recovery of deferred tax assets (see Note 9.5).
- Corporate income tax (see Note 9).

Although these estimates were made on the basis of the best information available at 2016 year-end, 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.

## **2.5. Comparative information**

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

Royal Decree 602/2016, of 2 December, amending the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November; the Spanish National Chart of Accounts for Small and Medium-Sized Enterprises approved by Royal Decree 1515/2007 (where applicable), of 16 November; the Rules for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010, of 17 September (where applicable); and the rules adapting the Spanish National Chart of Accounts for not-for-profit entities approved by Royal Decree 1491/2011, of 24 October (where applicable), was approved in December 2016. Royal Decree 602/2016 is applicable for reporting periods beginning on or after 1 January 2016.

The main amendments introduced by Royal Decree 602/2016 which affect the Company refer to (choose what has an impact in each case):

- I. New disclosures in the notes to the financial statements, including most notably, apart from those arising from the changes referred to in point II below, the following: a) the premiums paid under the directors' third-party liability insurance policies (see Note 11.3); b) the employees with a disability equal to or greater than 33% (see Note 10.2); and c) the conclusion, amendment or early extinguishment of any agreement between a business entity and any of its shareholders, directors or a person acting on their behalf, in relation to transactions outside the course of the company's ordinary business operations or in conditions that were not on an arm's length basis (see Note 13.4).

- ii. Amendments to the recognition and measurement standard for intangible assets (in particular, goodwill) In line with the amendments to the Commercial Code introduced by Law 22/2015, of 20 July, intangible assets are assets with a finite useful life and, therefore, should be amortised systematically over the period in which it can reasonably be foreseen that the economic benefits incidental to the asset will generate income for the company. When the useful life of these assets cannot be estimated reliably, they shall be amortised over a period of ten years, notwithstanding the time periods established in the specific standards on intangible assets. The Law specifies that goodwill will be amortised over its useful life which it is assumed will be over ten years and on a straight-line basis, unless there is evidence to the contrary. Formerly, the intangible assets and goodwill were assets with indefinite useful lives not subject to systematic amortisation but to impairment.

In relation to the new requirements for disclosure to be made in the notes to the financial statements and as permitted by Additional Provision Two of the Royal Decree, the Company did not disclose comparative information pursuant to the applicable legislation.

### **2.6. Grouping of items**

Certain items in the statement of financial position, statement of profit or loss, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

### **2.7. Changes in accounting policies**

In 2016 there were no changes in accounting policies with respect to those applied in 2015.

### **2.8. Correction of errors**

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

## **3. Distribution of profit**

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

	Thousands of Euros
<b>Basis of distribution:</b>	
Profit of the year	26,737
	<b>26,737</b>
<b>Allocation of the profit:</b>	
To dividends	16,902
To unrestricted reserves	9,835
<b>Total</b>	<b>26,737</b>

The Company's Board of Directors will present a proposal at the next Shareholders Annual General Meeting, to distribute ordinary dividends allocated from the 2016 profit, amounting to EUR 16,902 thousand and corresponding to a gross dividend of EUR 0.13 per share.

#### **4. Accounting policies**

The principal accounting policies used by the Company in preparing its financial statements for 2016 and 2015, in accordance with the Spanish National Chart of Accounts, were as follows:

##### **4.1. Financial instruments**

###### **Financial assets**

The financial assets held by the Company are classified in the following categories:

- a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- b) Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Loans, receivables and held-to-maturity investments are measured at amortised cost.

Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including goodwill, if applicable).

The Company has majority ownership interests in the share capital of certain companies. The financial statements do not reflect the increases or decreases in the value of the Company's ownership interests which would arise from the application of consolidation methods. It should also be noted that the Company will prepare consolidated financial statements separately under International Financial Reporting Standards ("IFRS").

The effect of consolidation under IFRS, in comparison with the separate financial statements, would be to increase assets and revenue by EUR 93,226 thousand and EUR 1,523,839 thousand, respectively and a reduction in profit and reserves by EUR 7,195 thousands and EUR 377,577 thousands, respectively.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales or factoring of trade receivables in which the Company does not retain any credit or interest rate risk.

###### **Financial liabilities**

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Liability derivative financial instruments are measured at fair value using the same methods as those described above for held-for-trading financial assets.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

At 31 December 2016 the Company does not hold any financial derivative products

#### Impairment of financial assets

At least at the end of each reporting period the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the statement of profit or loss.

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

Each year management prepares and updates its business plan by geographical market and line of business. The main components of this plan are: operating income and expense projections, investment projections and working capital projections. The business plan prepared by management includes the budget for 2017 together with the projections for 2018-2021.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined by using the business plan prepared by Company management. As a general rule, indefinite useful life projections for a projected period of five years and a perpetuity rate of return from the sixth year onwards were used. From the sixth year onwards it was considered that the cash flows generated by each asset grow at a rate equal to the growth of each industry in the geographical area in which it operates.

Therefore, the projections were prepared on the basis of past experience and of 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 in the margins as a result of the organic growth which 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.

As a general rule, for the assets for which the need to perform an impairment test was not detected, a sensitivity analysis was carried out on the main aggregates to verify that there are no indications of the need to perform such tests. These sensitivity analyses consisted in measure the impact of the increases expected in income and operating profit before depreciation, amortization and other results (hereinafter –EBITDA-) margins, increasing the discount rate up to one percentage point and reducing the perpetuity growth rate up to 0.8%. Applying these changes to the assumptions similarly does not disclose any need to recognise impairment losses on the financial assets.

The main average discount rates after tax used in each of the Company's geographical areas were as follows:

Country/geographical area:	2016	2015
Spain	7.0% - 7.7%	7.2%-7.8%
Rest of Europe	5.6% - 6.2%	6.8%-7.6%
US and Canada	6.3% - 7.0%	7.0%-7.8%
Latin America	11.4%	12.6%

#### **4.2. Foreign currency transactions**

The Company's functional currency is the Euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the statement of profit or loss in the year in which they arise.

#### 4.3. Corporate income tax

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

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

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

Deferred tax liabilities are recognized for all temporary differences except for:

- a) Those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that does not affect neither the tax profit nor the accounting profit and is not a business combination.
- b) Those associated with investments in subsidiaries, branches and associates or interests in joint ventures, when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The Company is the head of the Applus Group, which files consolidated tax returns as part of tax group number 238/08, and the tax base for the year is determined as if individual returns were being filed, net of such tax credits and tax relief as might be deductible under the consolidated tax regime. The Company manages the accounts receivable or payable that arise in this connection.

The Spanish consolidated tax group is comprised by the following companies:

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

#### 4.4. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.



Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest revenue from financial assets is recognised using the effective interest method and dividend revenue is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as revenue.

According to BOICAC's 79, question 2, due to the Company's holding activity, both the dividend revenue and the finance revenue of the loans from its subsidiaries are recorded under the heading "Revenue".

#### **4.5. Provisions and contingencies**

When preparing the financial statements the Company's Directors made a distinction between:

1. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and
2. Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as financial cost on an accrual basis.

#### **4.6. Termination benefits**

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken and a valid expectation regarding termination is created on the part of third parties.

The accompanying financial statements do not include any significant provision in this connection, since no situations of this nature are expected to arise.

#### **4.7. Environmental assets and liabilities**

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

#### **4.8. Transactions with Group companies, associates and related companies**

For the purposes of the presentation of the financial statements, Group companies are considered to be those entities over which the Company directly or indirectly controls the financial and operating policies, exercises power over the relevant activities, maintains exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. This is generally because it holds more than 50% of the voting power.

Associates are companies over which the Company 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.

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

- The significant shareholders of the Company, understood to be shareholders holding directly or indirectly 3% or more of the shares, and shareholders which, without being significant, have exercised the power to propose the appointment of a member of the Board of Directors.
- The Directors and Senior Executives of any Applus Group company, as well close members of those persons' family. "Director" means a member of the Board of Directors and "Senior Executives" means persons reporting directly to the Board or to the CEO of the Group.

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

#### **4.9. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

##### *Finance leases*

At 31 December 2016 or 2015, the Company did not have any finance leases.

##### *Operating leases*

Lease income and expenses from operating leases are recognised in income on an accrual basis.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

The Company only holds certain items of transport equipment under operating leases, and the related expense incurred in 2016 amounted to EUR 30 thousand (2015: EUR 26 thousand).

#### **4.10. Current/Non-current classification**

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

#### **4.11. Employee benefit obligations**

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

- a) Annual variable remuneration to certain Company personnel subject to the achievement of certain financial targets in 2016.
- b) Multiannual variable remuneration to certain executives of the Company subject to the achievement of certain financial targets in 2014, 2015 and 2016 (see Note 11.3). This remuneration has been replaced on 21 July 2016 by the special "Long-Term Incentive" plan granted to the Executive Director and Senior Executives of the Company comprising the delivery of Performance Stock Units (PSUs), in the case of the Executive Director, and the delivery of Restricted Stock Units (RSUs) and PSUs in the case of Senior Executives. Both PSUs and RSUs are convertible into Company's shares within three years of the grant date. The first conversion of these shares will be in February 2019 (see Note 11.3).
- c) Long-term special incentive plan granted, related to the Group Initial Public Offering (IPO), that consists of conferring Restricted Stocks Units (RSU) (convertibles into Company's shares) in favour of the Executive Director and Senior Executives of the Company based on a continuing service for a determined period of time. The first delivery of shares was made in May 2015 and the second was made in May 2016. The next and last delivery will be made in May 2017 (see Note 11.3).
- d) Annual variable remuneration plan granted to certain executives and employees of the Company consisting of the delivery of RSUs (convertible into Company's shares). The plan is approved annually. At 2016 year-end two plans have been approved and ratified (see Note 11.3).

#### **4.12. Treasury shares**

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

## 5. Financial assets (non-current and current)

### 5.1. Non-current investments in Group companies and associates

The changes in " Non-current investments in Group companies and associates" in the statement of financial position in 2016 and 2015 were as follows (in thousands of euros):

2016

	01/01/16	Acquisitions	Reductions	Change in exchange rate	31/12/16
Equity investments in Group companies, jointly controlled entities and associates (Appendix I)	1,110,503	665	-	-	1,111,168
Loans to Group companies (Note 11.2)	432,794	16,847	(38,684)	(2,059)	408,898
<b>Total</b>	<b>1,543,297</b>	<b>17,512</b>	<b>(38,684)</b>	<b>(2,059)</b>	<b>1,520,066</b>

2015

	01/01/15	Acquisitions	Reductions	Change in exchange rate	31/12/15
Equity investments in Group companies, jointly controlled entities and associates (Appendix I)	1,106,734	3,769	-	-	1,110,503
Loans to Group companies (Note 11.2)	433,241	59,715	(64,171)	4,009	432,794
<b>Total</b>	<b>1,539,975</b>	<b>63,484</b>	<b>(64,171)</b>	<b>4,009</b>	<b>1,543,297</b>

#### Equity investments in Group companies, jointly controlled entities and associates

The value of direct shareholdings at 31 December 2016 and 2015 are as follows (in thousands of euros):

Subsidiary	31/12/16	31/12/15
Applus Servicios Tecnológicos, S.L.U.	1,008,956	1,008,291
Azul Holding 2 S.à r.l	102,212	102,212
<b>Total equity investments in group companies, joint ventures and associates</b>	<b>1,111,168</b>	<b>1,110,503</b>

None of the subsidiaries are listed on the stock market.

The subsidiaries and associates directly and indirectly owned by the Company are shown in Appendix I.

#### Loans to Group companies

On 1 January 2015, the loans and credits granted by Applus Servicios Tecnológicos, S.L.U. to the Company were transferred and offset. Additionally, this transfer meant an offset of the existing loans and debts between Applus Servicios Tecnológicos, S.L.U. and the Company, creating one single loan from the Company to Applus Servicios Tecnológicos, S.L.U. amounting to EUR 52,313 thousand. This loan has a single maturity on 31 December 2017 and can be tacitly extended annually, generating a fixed market interest rate. This loan is recognized in the balance line "Short-term loans to Group companies and associates" (see Notes 5.2 and 11.2)

Taking the last paragraph into consideration, "Non-Current Loans to Group Companies" for 2016 includes the following loans:

Subsidiary	Maturity	Amount local currency (thousands)	Local Currency	Amount (thousands of euros)	Interest rate
Libertytown USA Finco, Inc.	13/05/2019	20,611	USD	19,880	Fixed market
LGAI Technological Center, S.A.	13/05/2019	1,650	USD	1,588	Fixed market
RTD Holding, B.V.	13/05/2019	11,714	USD	11,280	Fixed market
RTD Holding, B.V.	21/10/2019	17,425	GBP	20,729	Libor + spread
RTD Holding, B.V.	15/12/2019	3,794	GBP	4,514	Libor + spread
Libertytown USA Finco, Inc.	31/12/2020	2,715	USD	2,614	Libor + spread
Applus Iteuve Technology, S.L.U.	29/11/2019	62,480	EUR	62,480	Fixed market
Applus Iteuve Technology, S.L.U.	17/01/2020	70,000	EUR	70,000	Fixed market
Applus Iteuve Technology, S.L.U.	01/01/2020	1,950	EUR	1,950	Euribor + spread
Arctosa Holding B.V.	13/05/2019	188,059	EUR	188,059	Libor + spread
IDIADA Automotive Technology, S.A.	08/09/2019	3,500	EUR	3,500	Euribor
Libertytown Australia PTY, Ltd	31/12/2019	6,403	EUR	6,403	Fixed market
Libertytown Australia PTY, Ltd	31/12/2019	974	EUR	974	Fixed market
Libertytown Australia PTY, Ltd	31/12/2019	1,453	EUR	1,453	Fixed market
Others		191	EUR	191	
<b>Total</b>				<b>395,615</b>	

Additionally, "Loans to Group companies" includes accounts receivable from various Group companies arising from the Company's inclusion as the head of the consolidated tax group, amounting to EUR 13,283 thousand (2015: EUR 21,968 thousand) (see Notes 4.3. and 11.2).

### 5.2. Current financial assets and current investments in Group companies and associates

The detail of the balances of "Current Financial Assets" and "Current Investments in Group Companies and Associates" at 31 December 2016 and 2015 is as follows (in thousands of euros):

Categories	31/12/16	31/12/15
Loans to and receivables from Group companies	263,709	248,911
Short-term interest receivable from Group companies	30,802	22,432
Account receivable relating to dividends	5,390	8,439
<b>Total current investments in Group companies and associates (Note 11.2)</b>	<b>299,901</b>	<b>279,782</b>

"Loans to and receivables from Group companies" includes the loans transferred by Applus Servicios Tecnológicos, S.L.U. (see Note 5.1) and new current loans granted to certain Group companies (see Note 11.2).

### 5.3. Cash and cash equivalents

"Cash and Cash Equivalents" includes all cash recognised in current accounts, which amounted to EUR 2,172 thousand, as well as credit lines with receivable balances, which amounted to EUR 29,071 thousand. The total balance on 31 December 2016 is EUR 31,249 thousand (31 December 2015: EUR 5,245 thousand).

"Cash and Cash Equivalents" also includes balances receivable recognised as a result of a banking product arranged in 2015, the "Single Entity Cash Pooling Agreement", which allows the Company to obtain liquidity in eight different currencies and which amounted to EUR 4,557 thousand at 31 December 2016 (31 December 2015: EUR 4,039 thousand).

At 31 December 2016 and 2015, no amount recognised under "Cash and Cash Equivalents" had been pledged.

#### **5.4. Information on the nature and level of risk of financial instruments**

The Company's financial risk management is centralised in the Financial Department of the Applus Group, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company holds its cash and cash equivalents at banks with high credit ratings.

The accounts receivable at 31 December 2016 and 2015 relate mainly to balances with Group companies for the provision of services by the Company.

The Company Directors consider that there was no significant credit risk at 31 December 2016 and 2015.

b) Liquidity risk:

The Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its statement of financial position, together with credit and financing facilities.

The Company manages liquidity risk prudently by maintaining sufficient cash, the availability of financing in the form of committed credit facilities and through the sufficient capacity to settle market positions.

c) Market risk:

Both the Company's cash and its bank borrowings are exposed to interest rate risk, which variations could have an effect on financial profit or loss and cash flows.

In 2016 the Company's Directors decided not to arrange interest rate hedges, although this is considered to be a significant risk that Company management should monitor closely on a continuous basis.

In addition, a portion of the financial debt and of some of the balances with Group companies are in foreign currencies.

Therefore, the main market risks to which the Company is exposed are interest rate and foreign currency risk.

c.1) Interest rate risk:

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

	2016	2015
Average interest rate	1.68%	1.98%
Average financial debt drawn (thousands of euros)	477,466	513,966

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

Change in interest rate + 0.50%	2016	2015
Change in borrowing costs (thousands of euros)	2,387	2,570

c.2) Foreign currency risk:

The financial debt (syndicated loan) subject to foreign currency risk is denominated only in pounds sterling and is as follows:

	Thousands of Euros	
	2016	2015
Financial debt subject to foreign currency risk	23,879	27,652
Average financial debt drawn subject to foreign currency risk	24,535	27,655

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

	2016		2015	
	0.50%	(0.50%)	0.50%	(0.50%)
Change in exchange rate	0.50%	(0.50%)	0.50%	(0.50%)
Change in borrowing costs (thousands of euros)	123	(123)	138	(138)

## **6. Derivative financial instruments**

At 31 December 2016 the Company do not have any financial derivative products.

Company's policy is to only arrange OTC derivative financial instruments with Spanish and international banks with high credit ratings.

In July 2015 the Company arranged a new equity swap with a bank for the acquisition cost of 750,000 treasury shares, part of the shares were delivered to Group executives in March and May 2016. This agreement gave rise to an initial cost of EUR 7,321 thousand, a portion of which was amortized in 2015. On 31 December 2015 this contract had a cost of EUR 6,585 thousand thousand and was recognised under "Other Current Financial Liabilities" in the accompanying balance sheet.

In March and May 2016 the Company delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 516,749 shares, in all cases in accordance with the schedule approved in the economic incentive plan arising from the IPO and in the new incentive plan granted in 2015 (see Note 7.3).

## **7. Equity and shareholders' equity**

### ***7.1. Share capital***

At 31 December 2016 and 31 December 2015, the Company share capital was represented by 130,016,755 fully subscribed and paid-up common shares of EUR 0.10 par value each.

Per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the following shareholders owned significant direct and indirect interests in the Company's share capital (more than 3% of share capital) at 31 December 2016:

	% ownership
Southeastern Asset Management, Inc.	15.63%
Threadneedle Asset Management Limited	9.02%
Harris Associates L.P.	5.03%
Norges Bank	5.00%

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

## **7.2. Reserves and Share premium**

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

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

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

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

## **7.3. Treasury shares**

At 31 December 2016, the Company held a total of 290,450 treasury shares at an average cost of EUR 9.77 per share. The value of these treasury shares totalled EUR 2,837 thousand, which is recognised under "Treasury Shares" in the accompanying statement of financial position as at 31 December 2016 (see Note 4.12).

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

In March and May 2016 the Company delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 516,749 shares, in all cases in accordance with the schedule approved in the economic incentive plan arising from the IPO and in the new incentive plan granted in 2015 (see Note 11.3).



## 8. Non-current and current payables

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

	31/12/16	31/12/15
Bank borrowings	460,785	483,308
<b>Total non-current payables</b>	<b>460,785</b>	<b>483,308</b>
Credit facilities and other financial liabilities	2	27,008
Other interest	835	1,575
Treasury shares (Notes 6 & 7.3)	-	6,585
<b>Total current payables</b>	<b>837</b>	<b>35,168</b>
<b>Total bank borrowings</b>	<b>461,622</b>	<b>518,476</b>

On 26 June 2015, the Company refinanced this syndicated loan under an Amend and Extend agreement, improving the conditions of the prior agreement. The refinancing was entered into due to the improved credit market conditions since the loan was placed in April 2014. The main changes in the financing were the reduction in the interest rate margin, the covenant and the maturity. The covenant on the financial leverage ratio (being defined as consolidated net financial debt/consolidated EBITDA) of up to a maximum of 4.5 times was extended for the next two years until June 2017. The extension of the maturity of the debt was by one year to June 2020. The reduction in the interest rate margin was between 50 and 60 basis points, depending on the financial leverage ratio and at the current leverage it reduced from 2.25% to 1.65% with the current financial ratio.

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

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

The financial structure of the syndicated loan is as follows:

### 2016

Tranche	Thousands of Euros			Maturity
	Limit	Drawn + capitalized	Drawn by the Group	
Facility A1	478,903	441,866	478,903	26/06/2020
Facility A2	192,372	-	192,372	26/06/2020
Facility A3	24,458	24,458	24,458	26/06/2020
Facility B	150,000	-	-	26/06/2020
Effect of exchange rate changes	-	(579)	65,034	
Accrued interest	-	835	974	
Debt arrangement expenses	-	(4,960)	(7,283)	
<b>Total</b>	<b>845,733</b>	<b>461,620</b>	<b>754,458</b>	

### 2015

Tranche	Thousands of Euros			Maturity
	Limit	Drawn + capitalized	Drawn by the Group	
Facility A1	478,903	441,866	478,903	26/06/2020
Facility A2	192,372	-	192,372	26/06/2020
Facility A3	24,458	24,458	24,458	26/06/2020
Facility B	150,000	20,000	20,000	26/06/2020
Effect of exchange rate changes	-	3,194	58,321	
Accrued interest	-	1,575	1,854	
Debt arrangement expenses	-	(6,210)	(9,108)	
<b>Total</b>	<b>845,733</b>	<b>484,883</b>	<b>766,800</b>	

No amount had been drawn down from the EUR 150 million Facility B tranche at 31 December 2016 (EUR 20 million had been drawn down at 31 December 2015 and were repaid on 15 January 2016). The syndicated loan agreement establishes the achievement of a financial ratio - consolidated net financial debt/consolidated EBITDA - that must not exceed the values set for each first half throughout the term of the loan and detailed below:

- Up to 4.5 times until 30 June 2017 (included)
- Up to 4 times from 31 December 2017 (included)

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

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

The Company also has certain obligations under the financing agreement which relate mainly to disclosure requirements concerning its financial statements and negative undertakings to not to perform certain transactions without the lender's consent, such as certain mergers, changes of business activity or certain assignments.

Shares of certain subsidiaries have been pledged to secure the syndicated loan.

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

The detail, by maturity, of "Non-Current Payables" and "Current Payables" is as follows (in thousands of euros):

#### 2016

	2017	2018	2019	2020	Total
Bank borrowings	2	-	-	460,785	460,787
Short-term interest	835	-	-	-	835
<b>Total</b>	<b>837</b>	<b>-</b>	<b>-</b>	<b>460,785</b>	<b>461,622</b>

#### 2015

	2016	2017	2018	2019	2020	Total
Bank borrowings	27,008	-	-	-	483,308	510,316
Short-term interest	1,575	-	-	-	-	1,575
Treasury shares (see Note 6)	6,585	-	-	-	-	6,585
<b>Total</b>	<b>35,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>483,308</b>	<b>518,476</b>

## 9. Tax matters

### 9.1. Tax assets and tax liabilities

The detail of the current and non-current tax assets and tax liabilities at the end of 2016 and 2015 is as follows (in thousands of euros):

#### 2016

	Tax assets	Tax liabilities
<b>Non-current balances (Note 9.5):</b>		
Deferred tax assets	7,691	-
Tax loss carryforwards	29,169	-
Tax credit carryforwards	1,329	-
<b>Total non-current balances</b>	<b>38,189</b>	<b>-</b>
<b>Current balances:</b>		
Accrued social security taxes payable	-	10
VAT payable	-	135
Personal income tax withholdings payable	-	100
Income tax withholdings receivables	7,677	-
<b>Total current balances</b>	<b>7,677</b>	<b>245</b>

#### 2015

	Tax assets	Tax liabilities
<b>Non-current balances (Note 9.5):</b>		
Deferred tax assets	13,035	-
Tax loss carryforwards	30,371	-
Tax credit carryforwards	2,357	-
<b>Total non-current balances</b>	<b>45,763</b>	<b>-</b>
<b>Current balances:</b>		
Accrued social security taxes payable	-	10
VAT payable	-	189
Personal income tax withholdings payable	-	91
Income tax withholdings receivables	5,256	-
<b>Total current balances</b>	<b>5,256</b>	<b>290</b>

## 9.2. Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit (loss) to the taxable profit (tax loss) for corporate income tax purposes is as follows (in thousands of euros):

	2016	2015
<b>Accounting profit before tax</b>	<b>26,005</b>	<b>34,396</b>
Permanent differences	(31,865)	(35,263)
Temporary differences	(21,808)	(23,893)
<b>Tax loss</b>	<b>(27,668)</b>	<b>(24,760)</b>
Taxable profits of subsidiaries	63,307	56,787
Tax losses of subsidiaries	(4,457)	(2,934)
<b>Tax base before tax consolidation adjustments</b>	<b>31,382</b>	<b>29,093</b>
Offset of tax losses recognised and not recognised	(7,795)	(7,273)
<b>Taxable profit</b>	<b>23,387</b>	<b>21,820</b>
Tax charge (*)	5,847	6,110
Offset of tax credits	(5,055)	(6,110)
Tax withholdings and prepayments	(4,571)	(3,956)
<b>Corporate Income tax refundable (-) / payable(+)</b>	<b>(3,779)</b>	<b>(3,956)</b>

(\*)28% in 2015 and 25% in 2016

The permanent differences relate mainly to the application of transitory rule 23 of the Spanish Income Tax Law (inspired by the former Article 30.6 of the Consolidated Spanish Income Tax Law), permitting the non-inclusion in the tax base of dividends received from Spanish subsidiaries (and, therefore, their consideration as a reduction of the tax base of the ownership interest) and the claim for a double taxation tax credit, provided that there is evidence that the seller has effectively been taxed on an amount equal to the dividend received. Pursuant to this rule, a portion of the dividend, EUR 16,071 thousand, paid by the subsidiary Applus Servicios Tecnológicos, S.L.U., totalling EUR 27,553 thousand (see Note 11.1), was adjusted downwards. In addition, permanent differences also included the remaining amount of the dividend of EUR 11,482 thousand, the dividend received by Azul Holding, S.C.A., amounting to EUR 5,676 thousand (pursuant to Article 21 of the Spanish Income Tax Law), and other non-deductible expenses, amounting to EUR 1,078 thousand. It should also be noted that the Company has opted to apply the tax regime for foreign-securities holding companies (ETVEs) envisaged in Articles 107 et seq. of the Spanish Income Tax Law.

The temporary differences relate mainly to the amount of prior years' deductible borrowing costs amounting to EUR 20,225 thousand recognised in 2016 pursuant to Article 16 of the Spanish Income Tax Law, and to the reversal of provisions considered non-deductible for tax purposes, amounting to EUR 1,583 thousand.

## 9.3. Reconciliation of the accounting profit to the corporate income tax expense (benefit)

The reconciliation of the accounting profit to the corporate income tax expense (benefit) for 2016 and 2015 is as follows (in thousands of euros):

	2016	2015
<b>Accounting profit before tax</b>	<b>26,005</b>	<b>34,396</b>
Permanent differences	(31,865)	(35,263)
<b>Taxable accounting loss</b>	<b>(5,860)</b>	<b>(867)</b>
Tax charge (*)	(1,465)	(243)
Adjustments to and recognitions/derecognition of tax credits and others	734	1,037
Deductions	(1)	(1,181)
<b>Total corporate income tax expense (benefit) recognised in profit or loss</b>	<b>(732)</b>	<b>(387)</b>

(\*) 28% in 2015 and 25% in 2016

#### 9.4. Breakdown of corporate income tax benefit (expense)

The breakdown of the corporate income tax (benefit) expense is as follows:

	Thousands of Euros	
	2016	2015
<b>Current tax:</b>		
Continuing operations	6,842	4,809
Discontinued operations	-	-
<b>Deferred tax:</b>		
Continuing operations	(7,574)	(5,196)
Discontinued operations	-	-
<b>Total tax expense (benefit)</b>	<b>(732)</b>	<b>(387)</b>

#### 9.5. Deferred tax assets recognised

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

This Royal Decree-Law does not have any direct impact on the Company's financial statements, but it has on the Spanish companies' that join the consolidated tax group where the Company is the head. The main implications of the Royal Decree-Law in the consolidated tax group in Spain for the tax periods beginning on or after 1 January 2016 are as follows:

- Limits on the offset of tax losses.

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

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

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

As a result of the Royal Decree-Law, at 2016 year-end the Spanish consolidated tax group recognised a tax expense amounting to EUR 11,363 thousand (EUR 2,273 thousand in current tax and EUR 9,090 thousand in deferred tax), since it was considered that there are very severe restrictions on the transfer of the shares before the five-year period expires, due to legal, contractual or other reasons, in relation to the sale or settlement of the investments concerned, and to the circumstances specifically affecting them. This amount covers the impairment losses to be recognised in the tax base in the five year period from 2016 to 2020. This expense has not being recognized on the Company's statement of profit or loss.

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

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

At 31 December 2016 and 2015, the last years for deduction of the tax loss carryforwards recognised in the accompanying statement of financial position were as follows:

#### 2016

	Thousands of Euros	
	Tax loss carryforwards	Tax asset recognised
2009	30,732	7,682
2010	51,715	12,929
2011	34,230	8,558
<b>Total</b>	<b>116,677</b>	<b>29,169</b>

#### 2015

	Thousands of Euros	
	Tax loss carryforwards	Tax asset recognised
2009	35,536	8,884
2010	51,715	12,929
2011	34,230	8,558
<b>Total</b>	<b>121,481</b>	<b>30,371</b>

Additionally, "Deferred Tax Assets" on the asset side of the accompanying statement of financial position as at 31 December 2016 includes the deferred tax assets amounting to EUR 6,296 thousand (31 December 2015: EUR 11,244 thousand) relating to finance costs that were not tax-deductible, according to applicable tax policies. This heading also includes other sundry positive temporary differences amounting to EUR 1,395 thousand in 2016 and EUR 1,791 thousand in 2015.

Finally, "Deferred Tax Assets" includes EUR 1,329 thousand corresponding to the activation of deductions for domestic double taxation (EUR 2,357 thousand in 2015).

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

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

- The Budget for 2017 and the Group's business plan for 2018-2021 envisages profit for 2017 and subsequent years, sufficient in order to offset all the tax losses recognised (already considering the implications of the new Spanish tax regulation in Spain described before).

- In 2016 and 2015 the consolidated tax group in Spain obtained taxable income of EUR 31,182 and EUR 29,740 thousand which enabled it to use unrecognised tax losses from prior years amounting to EUR 2,136 and EUR 3,460 thousand, respectively.
- A mandate was issued by the Board Directors to Company's Executives 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.

#### 9.6. Deferred tax assets not recognised

The Company did not recognise certain deferred tax assets in the accompanying statement of financial position because it considered that the requirements in the applicable accounting legislation regarding the probability of their future recoverability were not met.

The detail of the tax losses not recognised in the accompanying statement of financial position as at 31 December 2016 and 2015 is as follows (in thousands of euros):

##### 2016

	Thousands of Euros	
	Tax Loss carryforwards	Tax assets not recognised
2007	5,077	1,269
<b>Total</b>	<b>5,077</b>	<b>1,269</b>

##### 2015

	Thousands of Euros	
	Tax loss carryforwards	Tax assets not recognised
2007	5,077	1,269
2009	520	130
<b>Total</b>	<b>5,597</b>	<b>1,399</b>

The detail of the tax credits not recognised in the accompanying statement of financial positions at 31 December 2016 and 2015 is as follows (in thousands of euros):

Year	Description	31/12/16	31/12/15
2013	Domestic double taxation tax credit	25,647	26,047
2014	Domestic double taxation tax credit	4,313	4,313
2014	International double taxation tax credit	-	1
2015	Domestic double taxation tax credit	4,227	-
2016	Domestic double taxation tax credit	2,893	-
	<b>Total</b>	<b>37,080</b>	<b>30,361</b>

### 9.7. Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 2016 year-end the Company has 2012 and subsequent years open for review by the tax authorities for all the applicable taxes.

The Company's Directors, in agreement with their tax advisers, consider that the tax returns have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying 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 Company who are authorised representatives for accounts abroad held by a Company subsidiary non-resident in Spain, since such information is duly recorded and detailed in the Company's accounting records pursuant to Article 42 bis 4.b of Royal Decree 1065/2007.

## 10. Income and expenses

### 10.1. Revenue

The Company's revenue for 2016 and 2015 relates in full to transactions carried out with Group companies (see Note 11.1.).

The detail of the revenue for 2016 and 2015 is as follows (in thousands of euros):

	2016	2015
Dividend revenue	33,229	36,200
Finance revenue	26,128	25,499
Management fee revenue	3,300	3,429
<b>Total</b>	<b>62,657</b>	<b>65,128</b>

### 10.2. Staff costs

The detail of "Staff Costs" in the statement of profit or loss for 2016 and 2015 is as follows (in thousands of euros):

	2016	2015
Wages and salaries	8,645	9,946
Employer social security costs	104	103
Other employee benefit costs	63	63
<b>Total</b>	<b>8,812</b>	<b>10,112</b>



The average number of employees in 2016 and 2015, by category and gender, was as follows:

**2016**

Category	Men	Women	Total
Top management	6	-	6
Middle management	1	-	1
Supervisors	-	1	1
<b>Total</b>	<b>7</b>	<b>1</b>	<b>8</b>

**2015**

Category	Men	Women	Total
Top management	6	-	6
Middle management	1	-	1
Supervisors	-	1	1
<b>Total</b>	<b>7</b>	<b>1</b>	<b>8</b>

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

**2016**

Category	Men	Women	Total
Top management	6	-	6
Middle management	1	-	1
Supervisors	-	1	1
<b>Total</b>	<b>7</b>	<b>1</b>	<b>8</b>

**2015**

Category	Men	Women	Total
Top management	6	-	6
Middle management	1	-	1
Supervisors	-	1	1
<b>Total</b>	<b>7</b>	<b>1</b>	<b>8</b>

There were no employees at the Company in 2016 with a disability equal to or greater than 33%.

### 10.3. Finance costs

The main finance costs for 2016 relate to:

- Borrowing costs of EUR 10,327 thousand relating to the syndicated loan granted on 13 May 2014 and refinanced on 26 June 2015 by Société Générale, as the agent bank (EUR 12,274 thousand in 2015). The detail of this amount is as follows: EUR 1,446 thousand relate to the deferral of the arrangement fee (EUR 1,294 thousand in 2015), EUR 7,935 thousand relate to the interest on the new loan (EUR 10,150 thousand in 2015) and EUR 946 thousand relate to other fees and commissions associated with this loan (EUR 830 thousand in 2015).
- EUR 16,859 thousand on finance costs with Group companies (EUR 13,374 thousand in 2015) (see Note 11.1).
- Other finance costs amounting to EUR 859 thousand (EUR 807 thousand in 2015).

## 11. Transactions and balances with Group and related companies

### 11.1. Transactions with Group and related companies

The detail of the transactions with Group and related companies in 2016 and 2015 is as follows:

2016

	Thousands of Euros			
	Dividend revenue	Finance Income	Finance Cost	Services rendered
Applus Servicios Tecnológicos, S.L.U.	27,553	3,652	389	3,300
Azul Holding 2, S.à r.l.	5,676	7	-	-
Applus Iteuve Technology, S.L.U.	-	10,152	4,309	-
Arctosa Holding, B.V.	-	3,644	-	-
Röntgen Technische Dienst Holding, B.V.	-	2,408	4,647	-
Libertytown USA Finco, Inc.	-	1,889	-	-
Ringal Invest, S.L.U.	-	1,003	-	-
Libertytown Australia, PTY, Ltd.	-	789	-	-
SAST International, Ltd.	-	570	-	-
Velosi Europe, Ltd.	-	352	249	-
Velosi Industries Sdn Bhd.	-	348	-	-
Libertytown Applus Rtd Germany, Gmbh.	-	336	-	-
Applus RTD Pty, Ltd.	-	271	1	-
Röntgen Technische Dienst, B.V.	-	167	918	-
Applus RTD Norway, As.	-	111	-	-
LGAI Technological Center, S.A.	-	69	1,574	-
Applus Norcontrol, S.L.U.	-	3	2,400	-
Applus Car Testing Services, Ltd.	-	-	837	-
Applus Iteuve Euskadi, S.A.U.	-	-	556	-
Novotec Consultores, S.A.U.	-	-	227	-
RTD Holding Deutschland, Gmbh.	-	-	188	-
Applus Technologies, Inc.	-	-	160	-
Other	-	357	404	-
<b>Total</b>	<b>33,229</b>	<b>26,128</b>	<b>16,859</b>	<b>3,300</b>

2015

	Thousands of Euros			
	Dividend revenue	Finance Income	Finance Cost	Services rendered
Applus Servicios Tecnológicos, S.L.U.	27,761	3,047	37	3,429
Azul Holding, S.C.A	8,439	-	-	-
Applus Iteuve Technology, S.L.U.	-	10,130	4,066	-
Arctosa Holding, B.V.	-	4,533	-	-
Röntgen Technische Dienst Holding, B.V.	-	2,274	4,214	-
Libertytown USA Finco, Inc.	-	2,198	-	-
Ringal Invest, S.L.U.	-	860	-	-
Libertytown Australia, PTY, Ltd.	-	697	-	-
SAST International, Ltd.	-	646	-	-
Velosi Industries Sdn Bhd.	-	334	-	-
Applus RTD Pty, Ltd.	-	131	-	-
Velosi Europe, Ltd.	-	118	33	-
Libertytown RTD Germany, GmbH.	-	93	-	-
Röntgen Technische Dienst, B.V.	-	83	328	-
LGAI Technological Center, S.A.	-	66	1,508	-
Applus Norcontrol, S.L.U.	-	-	1,564	-
Applus Car Testing Services, Ltd.	-	-	624	-
Applus Iteuve Euskadi, S.A.U.	-	-	542	-
RTD Quality Services Canada, Inc.	-	-	121	-
Other	-	289	337	-
<b>Total</b>	<b>36,200</b>	<b>25,499</b>	<b>13,374</b>	<b>3,429</b>

On 28 June 2016, the subsidiary Applus Servicios Tecnológicos, S.L.U. declared an interim dividend totalling EUR 8,553 thousand with a charge to its profit for 2015. Subsequently, on 12 December 2016, the same subsidiary approved a new distribution of dividends to 2016 with a charge profit totalling EUR 19,000 thousand.

On 22 December 2016, the subsidiary Azul Holding 2, S.à r.l. declared an interim dividend totalling EUR 5,676 thousand with a charge to its profit for 2015.

On 31 May 2015, the subsidiary Applus Servicios Tecnológicos, S.L.U. declared an interim dividend totalling EUR 7,761 thousand with a charge to its profit for 2014. Subsequently, on 7 December 2015, the same subsidiary approved a new distribution of dividends to 2015 with a charge profit totalling EUR 20,000 thousand.

On 8 October 2015, the subsidiary Azul Holding 2, S.à r.l. declared an interim dividend totalling EUR 8,439 thousand with a charge to its profit for 2014.

Also, the Company has a "Management fee" agreement with Applus Servicios Tecnológicos, S.L.U. under which the Company charges the management, analysis and business plan development services and, overheads, among others. The amount payable under this agreement was established on the basis of a report prepared by an independent expert and is in line with market prices.

## 11.2. Balances with Group and related companies

The detail of the balances with related companies reflected in the statement of financial position as at 31 December 2016 and 2015 is as follows:

2016

	Thousands of Euros					
	Long-term loans (Note 5.1)	Short-term loans (Note 5.2)	Other financial assets (Note 5.2)	Non-current payables	Current payables	Trade receivables
Arctosa Holding, B.V.	188,059	15,779	-	-	-	-
Applus Iteuve Technology, S.L.U.	142,062	12,173	-	-	99,647	-
RTD Holding B.V.	36,714	36,717	-	55,000	27,740	-
Libertytown Usa Finco, Inc.	22,495	29,251	-	-	-	-
Libertytown Australia Pty, Ltd.	8,828	3,699	-	-	-	-
IDIADA Automotive Technology, S.A.	7,767	8	-	1,263	-	45
LGAI Technological Center, S.A.	2,346	22	-	24,724	18,820	13
Novotec Consultores, S.A.U.	623	-	-	-	7,730	-
Applus Norcontrol, S.L.U.	4	-	-	-	65,260	49
Applus Servicios Tecnológicos, S.L.U.	-	98,558	-	984	16,203	947
Ringal Invest, S.L.	-	26,186	-	251	-	-
Sast International Ltd.	-	18,239	-	-	-	-
Velosi Industries Sdn Bhd.	-	11,450	-	-	-	-
Velosi Europe Ltd.	-	10,063	-	-	6,620	-
Libertytown Applus Rtd Germany, Gmbh.	-	9,073	-	-	-	142
Applus RTD Pty Ltd.	-	6,610	-	-	-	-
RTD, B.V.	-	5,411	-	-	21,344	32
Applus Energy, S.L.	-	2,851	-	63	-	-
Applus RTD Norway, As.	-	2,243	-	-	2	-
John Davidson & Ass. Pty Ltd.	-	1,366	-	-	-	-
Vantage NDT, B.V.	-	1,363	-	-	-	-
Norcontrol Guatemala, S.A.	-	1,153	-	-	-	-
Applus Norcontrol Peru, S.A.C.	-	747	-	-	-	-
Applus RTD Canada, Lp.	-	535	-	-	1,632	8
Azul Holding 2, S.à r.l.	-	264	5,390	-	-	-
K1 Kasastajat, OY	-	43	-	-	2,896	-
RTD Holding Deutschland, Gmbh.	-	-	-	-	4,782	-
K1 Total, Oy	-	-	-	-	1,223	-
Applus Car Testing Service, Ltd.	-	-	-	-	22,525	-
Applus Iteuve Euskadi, S.A.U.	-	-	-	-	13,497	-
Applus Technologies, Inc.	-	-	-	-	3,742	5
Applus Norcontrol Panamá, S.A.	-	-	-	-	1,990	-
Applus RTD UK, Ltd.	-	-	-	-	1,893	-
Applus Velosi Canada Ltd.	-	-	-	-	1,660	-
Norcontrol Inspección, S.A. (México)	-	-	-	-	927	-
Autoservices Online, S.L.	-	-	-	22	514	-
Other	-	707	-	-	1,430	8
<b>Total</b>	<b>408,898</b>	<b>294,511</b>	<b>5,390</b>	<b>82,307</b>	<b>322,077</b>	<b>1,249</b>

2015

	Thousands of Euros					
	Long-term loans (Note 5.1)	Short-term loans (Note 5.2)	Other financial assets (Note 5.2)	Non-current payables	Current payables	Trade receivables
Arctosa Holding, B.V.	188,059	8,948	-	-	-	-
Applus Iteuve Technology, S.L.U.	151,694	6,785	-	-	102,789	-
Applus Servicios Tecnológicos, S.L.U.	-	89,421	-	5,697	3,649	1,371
RTD Holding B.V.	40,244	37,624	-	55,000	13,523	-
Libertytown Usa Finco, Inc.	34,240	28,144	-	-	-	2,509
Libertytown Australia Pty, Ltd.	8,830	647	-	-	-	-
IDIADA Automotive Technology, S.A.	7,170	7	-	-	-	-
LGAI Technological Center, S.A.	1,546	23	-	24,881	13,035	-
Novotec Consultores, S.A.U.	993	-	-	-	4,406	-
Applus Norcontrol, S.L.U.	18	-	-	244	50,207	-
Sast International Ltd.	-	31,970	-	-	-	-
Ringal Invest, S.L.	-	23,437	-	327	-	-
Velosi Industries Sdn Bhd.	-	14,493	-	-	-	-
Azul Holding 2, S.à r.l.	-	239	8,439	-	-	-
Libertytown Applus Rtd Germany, Gmbh.	-	7,540	-	-	-	142
Velosi Europe Ltd.	-	6,834	-	-	3,628	-
Applus RTD Pty Ltd.	-	4,237	-	-	-	-
RTD, B.V.	-	3,268	-	-	20,370	34
Applus Energy, S.L.	-	1,727	-	141	-	-
Applus Euskadi Holding, S.L.	-	1,651	-	-	-	-
Norcontrol Guatemala, S.A.	-	1,063	-	-	-	-
Applus RTD Norway, As.	-	1,002	-	-	2	-
Applus Norcontrol Peru, S.A.C.	-	878	-	-	-	-
Applus Car Testing Service, Ltd.	-	-	-	-	14,547	-
Applus Iteuve Euskadi, S.A.U.	-	-	-	-	13,747	-
RTD Holding Deutschland, Gmbh.	-	-	-	-	4,614	-
Applus RTD Canada, Lp.	-	-	-	-	3,193	-
K1 Kasastajat, OY	-	200	-	-	2,899	-
Applus RTD Uk, Ltd.	-	-	-	-	2,262	-
Applus RTD Deutschland Inspektionsgesellschaft, Gmbh.	-	-	-	-	2,146	-
Applus Technologies, Inc.	-	-	-	-	2,135	-
Norcontrol Inspección, S.A. (México)	-	-	-	-	1,617	-
Applus Velosi Canada Ltd.	-	-	-	-	1,230	-
Other	-	1,205	-	10	1,318	-
<b>Total</b>	<b>432,794</b>	<b>271,343</b>	<b>8,439</b>	<b>86,300</b>	<b>261,317</b>	<b>4,056</b>

"Non-Current Payables" includes accounts payable to various Group companies arising from the Company's inclusion as the head of the consolidated tax group, amounting at 31 December 2016 to EUR 2,853 thousand (2015: EUR 6,576 thousand) (see Note 4.3).

In addition, under "Current Receivables" and "Current Payables", amounts of EUR 116,754 thousand and EUR 298,357 thousand are recognised, respectively, in relation to the cash-pooling agreement maintained with the other Group companies (see Note 5.1).

Also, under "Other financial assets" are recognised the dividends receivable at the end of 2016 and 2015 (see Note 5.2).

### 11.3. Disclosures on Directors and Senior Executive

#### Remuneration of and obligations to the Board of Directors

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

a) Annual remuneration

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

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

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

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

Executive Director	31/12/16	31/12/17	31/12/18	31/12/19	Total
Long-term incentive (PSUs):					
Number of PSUs delivered	44,931				44,931
PSU delivery date	July 2016				
Share value on PSU delivery date	8.68				
Date of conversion into shares				February 19	
Number of PSUs convertible into shares				44,931	44,931

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

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

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

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

<b>Executive director</b>	31/12/14	31/12/15	31/12/16	31/12/17	<b>Total</b>
Cash-settled economic incentive	9,950				<b>9,950</b>
RSU-settled economic incentive:					
Number of RSUs delivered	1,178,968				<b>1,178,968</b>
Delivery date of RSUs	09/05/14				
Share value on RSU delivery date	14.5				
Date of conversion into shares		09/05/15	09/05/16	09/05/17	
Number of RSUs convertible into shares		392,989	392,989	392,990	<b>1,178,968</b>
RSUs delivered (net of withholding tax)		209,817	218,030		<b>427,847</b>

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

The impact on the statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on IPO), i.e. EUR 14.5 per share. Therefore the annual cost in 2016 amounted to EUR 5,698 thousand. Any difference between the fair value and the purchase value of the shares is recognised in equity.

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

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

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

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

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

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

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

Remuneration of and obligations to Senior Executives

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

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

a) Annual remuneration:

	Thousands of Euros	
	2016	2015
Fixed remuneration	502	489
Variable remuneration	168	166
Other items	76	72
Pension plans	13	12
<b>Total</b>	<b>758</b>	<b>739</b>

In 2016 and 2015 the Company's Senior Executives did not earn or receive any termination benefits.

In addition to the variable remuneration of EUR 168 thousand, Senior Executives are the beneficiary of a variable remuneration plan comprising the annual delivery of a fixed number of RSUs. The plan is approved annually by the Appointments and Compensation Committee and ratified by the Board of Directors. At 2016 year-end two plans had been approved and ratified, as follows:

On 24 February 2015, the delivery of 15 thousand RSUs to Senior Executives was approved and ratified. The related shares will be delivered in March 2016 (30%), 2017 (30%) and 2018 (40%).

On 23 February 2016, the additional delivery of 25 thousand RSUs to Senior Executives was approved and ratified. The related shares will be delivered in March 2017 (30%), 2018 (30%) and 2019 (40%).

Senior Executives	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	Total
Long-term incentive (RSUs)						
Number of RSUs delivered	14,849	25,158				40,007
RSU delivery date	March 15	March 16				
Share value at RSU delivery date	10.18	7.13				
Date of conversion into shares		March 16	March 17	March 18	March 19	
Number of PSUs convertible into shares		4,455	12,002	13,487	10,063	40,007
Number of RSUs delivered		2,958				2,958



<b>Impact on profit or loss</b>	2015	2016	2017	2018	2019	<b>Total</b>
Vesting period (months)	10 months	12 months	12 months	12 months	2 months	
Impact on profit or loss (thousands of euros)	38	90	112	79	12	<b>331</b>

Based on the vesting schedule, Company Senior Executives received 2,958 shares in March 2016. These 2,958 shares are the result of applying the withholding tax corresponding to the amount agreed with each executive.

b) Multiannual remuneration and Long-Term Incentive.

Certain Senior Executives of the Company will receive multiannual variable remuneration if the Group achieves certain financial targets in 2014, 2015 and 2016 (Multiannual Incentive). This remuneration is payable in 2017 and the target amount is EUR 0.4 million for the three years. Since the cumulative provision for 2014 and 2015 corresponds to two-thirds of the full target achievement, amounting to EUR 0.7 million, it was not necessary to recognise an additional provision in 2016 since the cumulative provision for the preceding two years was sufficient to cover the estimated payment of EUR 0.4 million.

	Thousands of Euros			
	31/12/14	31/12/15	31/12/16	<b>Total</b>
Multiannual incentive (MAI)	217	217	-	<b>434</b>

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

<b>Senior Executives</b>	31/12/16	31/12/17	31/12/18	31/12/19	<b>Total</b>
RSUs + PSUs-settled long-term incentive					
Number of RSUs + PSUs delivered	24,962				<b>24,962</b>
RSU + PSU delivery date	October 16				
Share value at RSU + PSU delivery date	8.68				
Date of conversion into shares				February 19	
Number of PSUs convertible into shares				24,962	<b>24,962</b>

<b>Impact on profit or loss</b>	2016	2017	2018	<b>Total</b>
Vesting period (months)	12 months	12 months	12 months	
Impact on profit or loss (thousands of euros)	72	72	72	<b>216</b>

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

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

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

	31/12/14	31/12/15	31/12/16	31/12/17	Total
Cash-settled Economic Incentive:	2,250				2,250
RSU-settled Economic Incentive					
Number of RSUs delivered	447,333				447,333
RSU delivery date	09/05/14				
Share value at RSU delivery date	14.5				
Date of conversion into shares		09/05/15	09/05/16	09/05/17	
Number of PSUs convertible into shares		149,111	149,111	149,111	447,333
Number of RSUs delivered		81,968	85,555		167,253

Impact on profit or loss	2014	2015	2016	2017	Total
Vesting period (months)	8 months	12 months	12 months	4 months	
Impact on profit or loss (thousands of euros)	1,441	2,162	2,162	721	6,486

The impact on the statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on IPO), i.e. EUR 14.5 per share.

In accordance with the vesting schedule, on 9 May 2016 the Company's Senior Executives received 85,555 shares under the terms of the Incentive Plan. This amount of 85,555 shares is the result of applying to each executive the withholding tax corresponding to the gross amount agreed upon in the Incentive Plan of 149,111 RSUs convertible into shares on 9 May 2016.

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

At 31 December 2016 and 2015 the Company's Senior Executives were 2 men.

#### **11.4. Information relating to conflict 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 Company 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.

## 12. Foreign currency balances and transactions

The detail of the most significant balances and transactions in foreign currency, valued at the year-end exchange rates and the average exchange rates for the year, respectively, is as follows (in thousands of euros):

	2016	2015
Loans granted	152,949	171,525
Interests receivable	2,570	4,289
Loans received	57,367	43,027
Interests payable	441	259
Finance income	5,595	5,015
Finance costs	2,020	1,373
Services received	349	343

The loans granted and received by the Company are denominated mainly in pounds sterling and US dollars.

## 13. Other disclosures

### **13.1. Fees paid to auditors**

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

#### **2016**

	Services provided by the auditor and by related firms
	149
Other attest services	93
<b>Total audit and related services</b>	<b>242</b>
Tax counselling services	-
Other services	-
<b>Total professional services</b>	<b>242</b>

#### **2015**

	Services provided by the auditor and by related firms
	146
Other attest services	83
<b>Total audit and related services</b>	<b>229</b>
Tax counselling services	-
Other services	-
<b>Total professional services</b>	<b>229</b>

### 13.2. Obligations and other guarantees

The Company had contracted certain obligations and guarantees derived from the financing agreement described in Note 8.

At 31 December 2016, the Company's shares had not been pledged.

At 31 December 2016, no banks had provided the Company with guarantees to third parties.

### 13.3. Disclosures on the payment periods to suppliers

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

	2016	2015
	Days	
Average payment period to suppliers	49	44
Ratio of transactions settled	53	46
Ratio of transactions not yet settled	4	7
	Amount (thousands of euros)	
Total payments made	2,258	3,333
Total payments outstanding	199	110

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

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

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

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

However, most of this pending payment at year end has been paid during the first two months of the year 2017.

### 13.4 Amendment or extinguishment of agreements

In 2016 no transactions outside the course of the Company's ordinary business operations arose which required the amendment or early extinguishment of any agreement between the Company and any of its directors or persons acting on their behalf.

**14. Events after the reporting period**

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

**15. Explanation added for translation to English**

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.



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

## **Applus Services, S.A.**

### **Directors' Report for the year ended 31 December 2016**

Formally prepared by the directors of Applus Services, S.A. in relation to the year ended 31 December 2016.

Dear Shareholders:

We are pleased to submit to you this report on the Company's performance in 2016 and on its progress up to the present date.

#### ***Company performance and earnings***

Revenue for the year has slightly decrease compared to 2015 mainly due to less dividends from Group companies received. This decrease has been partially offset by higher financial income from group companies.

The financial result has been negatively impacted by the translation of open balances in foreign currency conversion. The financial expense with third parties related to the syndicated loan has decreased due to a full year benefit of the reduced interest rate margin from the amendment negotiated in 2015.

The Board will propose to shareholders at the Annual General Meeting a dividend of 13 cents per share (2015: 13 cents), in line with the previous year. This is equivalent to €16.9 million (2015: €16.9m).

The debt facilities entered into by the Group at the time of the IPO and refinanced in 2015 are sufficient to ensure good liquidity for the medium and longer term.

#### ***Main risks***

The main risks to which the Company is exposed are those typically faced by a holding company and the industry in which its subsidiaries operate.

The policy of the directors is to take the decisions that they may consider appropriate in order to mitigate any kind of risk related to the Company's activities.

#### ***Environment***

In view of the Company'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 the notes to the financial statements.

#### ***Research and development activities***

The Company did not perform any research and development activities in 2016.

#### ***Treasury share transactions***

At 31 December 2015, the Group owned or had arranged a total of 807,199 treasury shares, of which 750.000 were arranged by an equity swap matured in February 2016.

In March and May 2016 the Group delivered to the Executive Director, Group management and other Group executives a total of 516.749 shares.

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

**Use of financial instruments**

The Company uses financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets. During 2016 the Company has not acquired any financial derivative instruments, in exception to the equity swap agreement explained in the "Treasury share transactions" of this report. During 2016, the Company has settled the equity swap agreement explained in the "Treasury share transactions" of this report. Following this transaction, the Company do not hold any derivative financial instruments at the end of 2016.

**Significant events after the reporting period**

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

**Disclosures on the payment periods to suppliers**

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

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

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

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

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

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

## **Annual Corporate Governance Report**

The annual corporate governance report that is part of the management report can be consulted in the "Comisión Nacional de Mercado de Valores (CNMV)" and in the Applus Group web page.

[www.cnmv.es](http://www.cnmv.es)

[www.applus.com](http://www.applus.com)



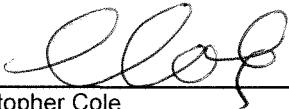


**Applus Services, S.A.**

**Preparation of the Financial Statement and  
Management report for the year ended 2016**

In accordance with the provisions of article 253 of the Spanish Companies Act and article 34 of the Spanish Code of Commerce, the Board of Directors of Applus Services, S.A., in its meeting of 22 February 2017, has drawn up the financial statements (comprising the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the explanatory notes) and the management report for year 2016, which are included in the documents preceding this signature page and their annexes, all of them correlatively ordered. All the Directors sign the above-mentioned documents by signing this sheet.

Barcelona, 22 February 2017



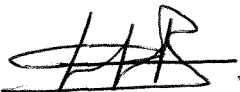
D. Christopher Cole  
Chairman



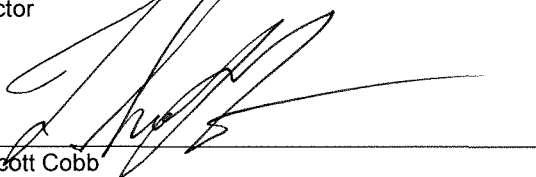
D. John/Daniel Hofmeister  
Director



D. Richard Campbell Nelson  
Director



D.ª Maria Cristina Henríquez de Luna Basagoiti  
Director



D. Scott Cobb  
Director



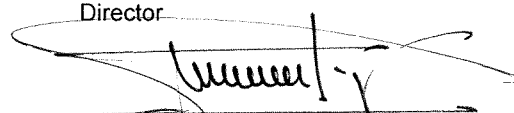
D. Ernesto Gerardo Mata López  
Director



D. Fernando Basabe Armijo  
Director



D. Nicolás Villén Jiménez  
Director



D. Claudi Santiago Ponsa  
Director

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



Anexo I

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

Name	Velosi Certification Services Co Ltd	Velosi Integrity & Safety Pakistan (Pvt) Ltd	Velosi Corporate Services Sdn Bhd	Velosi International Holding Company BSC (c)	Velosi Certification Services LLC	Velosi Certification WLL	PT Java Velosi Mandiri	Velosi Certification WLL
Registered office	56 Silom Rd, Yada Building Fl.9/905, Suriyawongse, Bangrak, 10500 Bangkok , Thailand.	Office No. 401, 4th Floor, Business Centre, Block 6, P.E.C.H.S. Society, 74000 Karachi, Pakistan.	C/o AGL Management Associates Sdn Bhd, No. 152-3 18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Flat 42, Building 1033, Road 3731, Block 337, Menama/UMM Alhassam, Kingdom of Bahrain	# 201, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	Block 9, Building 24, Office 21, Ground Floor, East Ahmadi, Industrial Area, P O Box # 1589, Salmiya – 22016, Kuwait.	Roxy Mas, Blok E.I. No. 5, Jl. K.H. Hasyim Ashari, Cideng Gambir, Jakarta Pusa.	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha, Qatar.
Line of business	Provision of engineering and technical services	Provision of support engineering services, inspections based on risk, reliability centred maintenance, assessment of the safety integrity level, suitability for management services studies, corrosion 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	Provision of inspection and analysis and technical services in the area of qualified technical jobs
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	74%	70%	100%	100%	49%	24%	0%	24%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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

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

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

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

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