Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six month period ended at 30 June 2017 and the limited review report

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

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position at 30 June 2017, the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2017 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of matter paragraph

We draw attention to Note 2-a to the accompanying interim condensed consolidated financial statements notes, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016. This matter does not affect our conclusion.

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

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2017 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2017. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

Other Matter Paragraph

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

DELOITTE, S.L.

Deloitte
Initialled for identification purposes only

Raimon Ripoll

24 July 2017

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

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(Thousands of Euros)

ASSETS	Notes	30/06/2017 (*)	31/12/2016
NON-CURRENT ASSETS:			
Goodwill	4	**533,722**	**535,481**
Other intangible assets	5	**506,414**	**533,557**
Property, plant and equipment	7	**200,379**	**217,045**
Non-current financial assets	8	**10,670**	**12,570**
Deferred tax assets	14.1	**84,035**	**87,199**
Total non-current assets		**1,335,220**	**1,385,852**
CURRENT ASSETS:			
Inventories		**11,311**	**8,062**
Trade and other receivables -		**404,296**	**409,349**
Trade and other receivables	9	349,594	351,943
Trade receivables from related parties	17	2,392	1,698
Other receivables	9	21,883	25,519
Corporate income tax assets		12,195	15,893
Other current assets		18,232	14,296
Current financial assets		**7,333**	**4,621**
Cash and cash equivalents		**136,485**	**188,224**
Total current assets		**559,425**	**610,256**
TOTAL ASSETS		**1,894,645**	**1,996,108**

EQUITY AND LIABILITIES	Notes	30/06/2017 (*)	31/12/2016
EQUITY:			
Share capital and reserves -			
Share capital		11,770	11,770
Share premium		313,525	313,525
Retained earnings and other reserves		305,050	300,156
Profit for the period attributable to the Parent		16,308	19,542
Treasury Shares		(1,186)	(2,837)
Valuation adjustments -			
Foreign currency translation reserve		(35,706)	(29,062)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**609,761**	**613,094**
NON-CONTROLLING INTERESTS		**46,520**	**44,500**
Total equity	10	**656,281**	**657,594**
NON-CURRENT LIABILITIES:			
Non-current provisions	16	**14,755**	**16,928**
Bank borrowings	11	**692,037**	**757,914**
Other financial liabilities		**23,208**	**23,527**
Deferred tax liabilities	14.2	**157,418**	**164,849**
Other non-current liabilities		**7,035**	**6,950**
Total non-current liabilities		**894,453**	**970,168**
CURRENT LIABILITIES:			
Current provisions		**1,164**	**1,316**
Bank borrowings	11	**24,834**	**27,086**
Trade and other payables		**300,326**	**318,567**
Trade and other payables to related parties	17	**194**	**3**
Corporate Income tax liabilities		**8,910**	**12,091**
Other current liabilities		**8,483**	**9,283**
Total current liabilities		**343,911**	**368,346**
TOTAL EQUITY AND LIABILITIES		**1,894,645**	**1,996,108**

(*) Interim Condensed Consolidated Statement of Financial Position as at 30 June 2017 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated of Financial Position for the first half of 2017.

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

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST HALF OF 2017

(Thousands of Euros)

	Notes	30/06/2017 (*)	30/06/2016 (*)
CONTINUING OPERATIONS:			
Revenue	15	789,258	783,655
Procurements		(91,441)	(94,274)
Staff costs	13.a	(429,752)	(416,159)
Other operating expenses		(177,894)	(183,750)
Operating profit before depreciation, amortization and others		**90,171**	**89,472**
Depreciation and amortisation charge	5 & 7	(46,697)	(48,258)
Impairment and gains or losses on disposal of non-current assets		476	189
Other losses		(2,350)	(204)
OPERATING PROFIT:		**41,600**	**41,199**
Financial result	13.b	(12,300)	(11,373)
Share of profit of companies accounted for using the equity method		493	907
Profit before tax		**29,793**	**30,733**
Corporate Income tax		(8,685)	(8,789)
Net profit from continuing operations		**21,108**	**21,944**
PROFIT FROM DISCONTINUED OPERATIONS NET OF TAX:		-	-
NET CONSOLIDATED PROFIT:		**21,108**	**21,944**
Profit attributable to non-controlling interests	10	4,800	4,399
NET PROFIT ATTRIBUTABLE TO THE PARENT:		**16,308**	**17,545**
Profit per share (in euros per share):	10		
- Basic		**0.126**	**0.135**
- Diluted		**0.126**	**0.135**

(*) Interim Condensed Consolidated Statement of Profit or Loss for the first half of 2017 and 2016 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Profit or Loss for the first half of 2017.

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

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST HALF OF 2017

(Thousands of Euros)

	30/06/2017 (*)	30/06/2016 (*)
NET CONSOLIDATED PROFIT:	21,108	21,944
1. Other comprehensive income:		
a) Items that will not be transferred to profit or loss	-	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	(7,926)	(5,530)
2. Transfers to the statement of profit or loss:		
Other comprehensive result	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	13,182	16,414
Total comprehensive income for the year attributable to:		
- Owners of the company	9,664	12,682
- Non-controlling interests	3,518	3,732
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	13,182	16,414

(*) Interim Condensed Consolidated Statement of Comprehensive Income for the first half of 2017 and 2016 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Comprehensive Income for the first half of 2017.

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

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST HALF OF 2017
(Thousands of Euros)

	Share capital	Share premium	Retained earnings and other reserves	Profit for the period attributable to the Parent	Treasury shares	Foreign currency translation reserve	Non-controlling interests	Total equity
Balance as at 31 December 2015	**11,770**	**313,525**	**281,617**	**38,244**	**(7,883)**	**(33,122)**	**47,145**	**651,296**
Changes in the scope of consolidation and others	-	-	(3,751)	-	-	-	(2,399)	(6,150)
Allocation of 2015 profit	-	-	38,244	(38,244)	-	-	-	-
Dividends	-	-	(16,902)	-	-	-	(4,427)	(21,329)
Treasury shares	-	-	4,827	-	5,046	-	-	9,873
1st semester 2016 comprehensive income	-	-	-	17,545	-	(4,863)	3,732	(16,414)
Balance as at 30 June 2016 (*)	**11,770**	**313,525**	**304,035**	**17,545**	**(2,837)**	**(37,985)**	**44,051**	**650,104**

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

(*) Interim Condensed Consolidated Statment of Changes in Equity for the first half of 2017 and 2016 unaudited.

The accompanying Notes 1 to 20 are an integral part
of the Interim Condensed Consolidated Statement of Changes in Equity for the first half of 2017.

APPLUS SERVICIES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2017
(Thousands of Euros)

	Notes	30/06/2017 (*)	30/06/2016 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**29,793**	**30,733**
Adjustments of items that do not give rise to operating cash flows -			
Depreciation and amortisation charge	5 & 7	46,697	48,258
Changes in provisions and allowances		1,308	(272)
Financial result of consolidated companies	13.b	12,300	11,373
Share of profit of companies accounted for using the equity method		(493)	(907)
Gains or losses on disposals of property, plant and equipment		(476)	(189)
Profit from operations before changes in working capital (I)		**89,129**	**88,996**
Changes in working capital-			
Changes in trade and other receivables		(1,411)	(2,971)
Changes in inventories		(3,249)	599
Changes in trade and other payables		(33,090)	(24,143)
Cash generated by changes in working capital (II)		**(37,750)**	**(26,515)**
Other cash flow from operating activities-			
Other payments	14.3	(1,980)	(3,430)
Other cash flow from operating activities (III)		**(1,980)**	**(3,430)**
Corporate Income Tax		(11.093)	(12,393)
Cash flows from income tax (IV)		**(11.093)**	**(12,393)**
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)+(IV)		**38,306**	**46,658**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments due to acquisition of subsidiaries and other non-current financial assets	3.c	(4,637)	(2,066)
Proceeds from disposal of property, plant and equipment		7,770	-
Payments due to acquisition of intangible and property, plant and equipment assets		(20,593)	(24,980)
Net cash flows used in investing activities (B)		**(17,460)**	**(27,046)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received	13.b	714	757
Interest paid		(8,366)	(6,344)
Net changes in non-current financing (proceeds and payments)	11	(49,400)	(19,687)
Net changes in current financing (proceeds and payments)		(5,252)	(24,768)
Dividends paid by Group companies to non-controlling interests	10	(3,291)	(2,569)
Net cash flows used in financing activities (C)		**(65,595)**	**(52,611)**
EFFECT OF EXCHANGE RATE IN FOREIGN CURRENCY (D)		**(6,990)**	**(9,951)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(51,739)**	**(42,950)**
Cash and cash equivalents at beginning of year		**188,224**	**162,437**
Cash and cash equivalents at end of year		**136,485**	**119,487**

(*) Interim Condensed Consolidated Statement of Cash Flows for the first half of 2017 and 2016 unaudited.

The accompanying Notes 1 to 20 are an integral part of the Interim Condensed Consolidated Statement of Cash Flows for the first half of 2017.

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Applus Services, S.A. and Subsidiaries

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the first half of 2017

1. Group activities

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

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

The Parent's company object is as follows:

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

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

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

- Business intermediation services, both locally and abroad.

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

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

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

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

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

The Parent's shares have been listed on the Spanish stock market since 9 May 2014.

2. Basis of presentation and basis of consolidation

a) Basis of presentation

These interim condensed consolidated financial statements for the first half ended 30 June 2017 were prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). These interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, which were prepared in accordance with EU-IFRSs. Accordingly, it was not necessary to repeat or update certain notes or estimates included in those consolidated financial statements. Therefore, the accompanying selected explanatory notes include an explanation of the events and changes that are significant to an understanding of the changes in consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Applus Group in the period from 31 December 2016, the date of the aforementioned consolidated financial statements, to 30 June 2017.

These interim condensed consolidated financial statements were authorised for issue by the Parent's Board of Directors at its meeting held on 21 July 2017.

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

b) *Comparative information*

In accordance with IAS 34, in order to present comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position at 30 June 2017 and 31 December 2016, the interim condensed consolidated statement of profit or loss for the first half ended 30 June 2017 and 2016, the interim condensed consolidated statements of comprehensive income for the first half ended 30 June 2017 and 2016, the interim condensed consolidated statements of changes in equity for the first half ended 30 June 2017 and 2016, the interim condensed consolidated statements of cash flows for the first half ended 30 June 2017 and 2016 and the explanatory notes to the interim condensed consolidated financial statements for the first half ended 30 June 2017.

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

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

In the Group's interim condensed consolidated financial statements at 30 June 2017, estimates were occasionally made by management of the Parent and of the consolidated companies, later ratified by their Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of goodwill (see Note 4).

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

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

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

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

- Income from pending to be billed services.

- Provisions and contingent liabilities (see Note 16).

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

Although these estimates were made on the basis of the best information available at 30 June 2017 on the events analyzed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

3. Accounting policies and valuation policies

The accounting policies used in these interim condensed consolidated financial statements at 30 June 2017 are the same as those used in the consolidated financial statements for the year ended 31 December 2016, except as described below:

a) *Changes in accounting principles and disclosure rules effective in 2017*

In 2017 new accounting standards came into force, which, accordingly, were taken into account in the preparation of these interim condensed consolidated financial statements. The following standards have been applied in these interim condensed consolidated financial statements but did not have any significant impact on the presentation hereof or the disclosures herein:

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Not yet approved for use in the European Union (1)		
Amendments to IAS 7, Disclosure Initiative (issued in January 2016).	Introduce additional disclosure requirements relating to financing activities.	1 January 2017
Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)	Clarification of the principles established for recognition of deferred tax assets for unrealised losses.	1 January 2017
Improvements to IFRSs, 2014-2016 cycle: Clarification in relation to IFRS 12	The clarification in relation to the scope of IFRS 12 and its interaction with IFRS 5 enters into force in this period.	1 January 2017

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

b) *Accounting standards issued but not yet in force in 2017*

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

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union:		
IFRS 15, Revenue from Contracts with Customers (issued in May 2014)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
IFRS 9, Financial Instruments (issued in July 2014)	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018
Not yet approved for use in the European Union (1)		
New standards		
Clarifications to IFRS 15 (issued in April 2016)	Focus on identifying performance obligations, principal versus agent considerations, licensing and determining whether a license is satisfied at a specific point in time or over time, as well as certain clarifications to the transition requirements.	1 January 2018

IFRS 16, Leases (issued in January 2016)	Supersedes IAS 17 and the related interpretations. The main development of the news standard is that it introduces a single lessee accounting model in which all leases (with certain limited exceptions) will be recognised in the statement of financial position with an impact similar to that of the existing finance leases (depreciation of the right-of-use asset and a finance cost for the amortised cost of the liability will be recognised).	1 January 2019
IFRS 17, Insurance Contracts (issued in May 2017)	Supersedes IFRS 4. Establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The objective is to ensure that an entity provides relevant information that faithfully represents those contracts, which gives a basis for users to assess the effect that insurance contracts have on the financial statements.	1 January 2021
<u>**Amendments and/or interpretations**</u>		
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions (issued in June 2016)	These are limited amendments that clarify specific issues such as the effects of vesting conditions on cash-settled share-based payments, the classification of share-based payment transactions with a net settlement feature and certain issues relating to modifications of the type of share-based payment arrangement.	1 January 2018
Amendments to IFRS 4, Insurance Contracts (issued in September 2016)	Provide entities within the scope of IFRS 4 with the option of applying IFRS 9 ("overlay approach") or the temporary exemption therefrom.	1 January 2018
Amendments to IAS 40, Reclassification of Investment Property (issued in December 2016)	The amendments clarify that transfers to, or from, investment property will only be possible when there is evidence of a change in use.	1 January 2018
Improvements to IFRSs, 2014-2016 cycle (issued in December 2016)	Minor amendments to a series of standards (various effective dates).	1 January 2018
IFRIC 22, Foreign Currency Transactions and Advance Consideration (issued in December 2016)	This interpretation establishes "the date of the transaction" for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency.	1 January 2018
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over the acceptability of a particular tax treatment used by the entity under tax law.	1 January 2019
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	Clarification in relation to the gain or loss resulting from such transactions involving a business or assets.	No date has been set

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

The Parent's Directors have assessed the main changes and the impact that application of this IFRS will have, following the steps set out in the standard, which are basically as follows: identify the contracts with a customer, identify the specific performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified and, lastly, recognise revenue as the entity satisfies the performance obligations.

Although the standard is mandatorily applicable in 2018, the Group amended its revenue recognition policy in order to adopt it in all of its business activities according to the application criteria of IFRS 15. First-time application is not expected to have a significant impact on the Group's consolidated financial statements according to the analysis performed to date. In this connection and pursuant to the transition methods defined in this IFRS, the Group intends to apply the standard retrospectively recognising the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings. At the reporting date, the aforementioned impact is not expected to be significant.

IFRS 16 Leases

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

This standard is mandatorily applicable in 2019 and the Group does not intend to apply the standard early. The Parent's Directors commenced a project in order to analyse all the leases included within the scope of this standard and are developing the financial reporting systems and the controls thereof for the appropriate accounting of operating lease agreements. This project is currently in progress.

c) Changes in the scope of consolidation

The main change in the scope of consolidation in the first half of 2017 was the incorporation of the company Emilab, S.R.L.

On April 2017, the Applus Group acquired the company Emilab, S.R.L. for a fixed amount of EUR 4,637 thousand. In addition, the agreement included an earn-out provision tied to certain financial goals amounting to a maximum of EUR 2.4 million which the acquired company would have to achieve in 2017 and 2018. The Group considered that conditions will prevail for the earn-out to amount to EUR 300 thousand and, accordingly, this amount was taken into account when determining the acquisition cost. The goodwill arising from this acquisition, due to the difference between the acquisition-date fair values of the assets acquired and the liabilities assumed, and the cost of the business combination, provisionally, amounted to EUR 4,170 thousand.

At the date of preparation of the Interim Condensed Consolidated Financial Statements, neither the assets nor liabilities' measurement processed at fair value of this acquisition described above had been completed and the goodwill allocation is provisional. The Directors of the Parent Company considered that the assets and liabilities' measurement process and the goodwill allocation will be completed in the second half of 2017, and applied retroactively as permitted in IFRS 3 – Business Combinations.

d) Transactions in currencies other than the Euro

The Group's presentation currency is the Euro. Therefore, all balances and transactions in currencies other than euro are considered "foreign currency". The average and closing rates used in the translation to euros of the balances held in foreign currency at 30 June 2017 and at 31 December 2016 are as follows:

1 Euro	Currency	30 June 2017		31 December 2016	
		Average rate	Closing rate	Average rate	Closing rate
Danish krone	DKK	7.44	7.44	7.45	7.43
Norwegian krone	NOK	9.17	9.46	9.30	9.04
Czech koruna	CZK	26.79	26.26	27.02	27.01
Kuwaiti Dinar	KWD	0.33	0.34	0.33	0.32
United Arab Emirates dirham	AED	3.97	4.11	4.07	3.82
Australian Dollar	AUD	1.43	1.48	1.49	1.43
Canadian dollar	CAD	1.44	1.48	1.47	1.39
Singapore dollar	SGD	1.52	1.55	1.53	1.50
US dollar	USD	1.08	1.12	1.11	1.04
Papua New Guinean kina	PGK	3.34	3.46	3.39	3.21
Pound sterling	GBP	0.86	0.88	0.82	0.84
Peruvian Sol	PEN	3.54	3.64	3.74	3.53
Argentine peso	ARS	16.93	18.09	16.32	16.46
Chilean peso	CLP	713.11	739.32	749.57	701.95
Colombian peso	COP	3,152.59	3,379.52	3,381.81	3,111.39
Mexican peso	MXN	21.04	20.13	20.63	21.24
Guatemalan Quetzal	GTQ	7.98	8.21	8.43	7.76
Brazilian real	BRL	3.43	3.74	3.87	3.48
Qatari riyal	QAR	3.94	4.09	4.04	3.78
Malaysian ringgit	MYR	4.74	4.80	4.57	4.64
Saudi riyal	SAR	4.05	4.20	4.15	3.90
Indonesian rupiah	IDR	14,409.22	14,925.37	14,727.54	13,947.00
Chinese Yuan	CNY	7.43	7.64	7.35	7.21

4. Goodwill

The detail, by cash-generating unit, of the goodwill at 30 June 2017 and 31 December 2016 is as follows:

Cash-generating Unit	Thousands of Euros	
	30/06/2017	31/12/2016
Auto Spain (*)	170,972	170,972
Energy & Industry Northern Europe	102,303	102,303
Energy & Industry North America	92,732	96,997
IDIADA	56,285	56,390
Energy & Industry Seameap	42,450	43,301
Laboratories	36,204	32,251
Energy & Industry Spain	10,338	10,338
Energy & Industry Latin America	8,195	8,690
Auto Denmark	6,837	6,835
Auto US (*)	6,141	6,141
Other	1,265	1,263
Total goodwill	**533,722**	**535,481**

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

The changes in the first half of 2017 and in 2016 are as follows:

	Thousands of euros
Balance at 31 December 2015	**527,988**
Changes in the scope of consolidation	2,253
Change in exchange rate	5,240
Balance at 31 December 2016	**535,481**
Changes in the scope of consolidation (Note 3-c)	4,170
Change in exchange rate	(5,929)
Balance at 30 June 2017	**533,722**

5. Other intangible assets

The changes in the first half of 2017 and in 2016 in intangible asset accounts and in its related accumulated amortisation and impairment are as follows:

	30 June 2017 - Thousands of euros						
	Balance at 1 January 2017	Changes in the scope of consolidation (Note 3-c)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 30 June 2017
Cost:							
Administrative concessions	112,165	-	-	-	-	-	112,165
Patents, licenses and trademarks	272,725	1	-	-	-	(54)	272,672
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	174,890	-	-	(333)	-	(2,562)	171,995
Computer software	67,122	38	2,697	(1,730)	675	(1,072)	67,730
Goodwill acquired	18,768	-	34	-	-	(842)	17,960
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	35,936	97	1,847	(23)	(369)	(90)	37,398
Total cost	**1,014,476**	**136**	**4,578**	**(2,086)**	**306**	**(4,620)**	**1,012,790**
Accumulated amortisation:							
Administrative concessions	(71,200)	-	(3,134)	-	-	-	(74,334)
Patents, licenses and trademarks	(98,263)	(1)	(6,285)	-	-	43	(104,506)
Administrative authorisations	(80,770)	-	(7,919)	-	-	-	(88,689)
Customer portfolio	(78,214)	-	(5,441)	333	-	470	(82,852)
Computer software	(54,397)	(36)	(2,722)	1,688	-	745	(54,722)
Goodwill acquired	(78)	-	-	-	-	-	(78)
Asset usage rights	(37,619)	-	(1,244)	-	-	(1)	(38,864)
Other	(22,496)	(70)	(1,957)	8	(5)	71	(24,449)
Total accumulated amortisation	**(443,037)**	**(107)**	**(28,702)**	**2,029**	**(5)**	**1,328**	**(468,494)**
Total impairment	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**533,557**	**29**	**(24,124)**	**(57)**	**301**	**(3,292)**	**506,414**

In the first half of 2017 the amortization charge of the intangible assets from previous years of the Purchase Price Allocation recognized in the accompanying interim condensed consolidated statement of profit or loss amounted to EUR 23,844 thousand.

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

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Intangible assets by cash-generating unit

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

	30 June 2017 – Thousands of Euros												
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North Europe	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Others	**Total**
Cost:													
Administrative concessions	94,102	-	-	-	-	-	182	-	17,881	-	-	-	**112,165**
Patents, licences and trademarks	18,598	89,405	10,144	58,574	28,210	12,294	40,096	8,773	6,433	1	-	144	**272,672**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio and other	-	41,532	-	27,131	71,054	-	18,822	4,142	-	9,314	-	-	**171,995**
Computer software	4,007	6,908	13	4,965	983	6,317	7,003	3,929	8,187	2,492	1,961	20,965	**67,730**
Goodwill acquired	-	8,178	769	-	3,473	3,659	1,381	265	-	-	235	-	**17,960**
Asset usage rights	1,241	-	-	-	-	36,729	3	34,987	-	-	-	-	**72,960**
Other	1,128	12,105	662	28	-	16,045	3,583	1,806	1,095	4	941	1	**37,398**
Total cost	**285,062**	**158,128**	**105,512**	**90,698**	**103,720**	**75,044**	**71,070**	**53,902**	**33,596**	**11,811**	**3,137**	**21,110**	**1,012,790**
Accumulated amortisation:													
Administrative concessions	(63,507)	-	-	-	-	-	(182)	-	(10,645)	-	-	-	**(74,334)**
Patents, licences and trademarks	(7,135)	(31,189)	(3,655)	(25,333)	(10,814)	(4,725)	(15,498)	(3,364)	(2,648)	(1)	-	(144)	**(104,506)**
Administrative authorisations	(31,607)	-	(57,082)	-	-	-	-	-	-	-	-	-	**(88,689)**
Customer portfolio and other	-	(15,921)	-	(20,223)	(24,460)	-	(18,821)	(1,642)	-	(1,785)	-	-	**(82,852)**
Computer software	(3,412)	(4,720)	(13)	(2,527)	(851)	(4,959)	(6,426)	(3,246)	(6,089)	(1,748)	(1,918)	(18,813)	**(54,722)**
Goodwill acquired	-	-	-	-	-	-	(71)	(7)	-	-	-	-	**(78)**
Asset usage rights	(1,241)	-	-	-	-	(15,999)	(3)	(21,621)	-	-	-	-	**(38,864)**
Other	(598)	(6,941)	(419)	(24)	-	(10,805)	(2,913)	(1,774)	(972)	(3)	-	-	**(24,449)**
Total accumulated amortisation	**(107,500)**	**(58,771)**	**(61,169)**	**(48,107)**	**(36,125)**	**(36,488)**	**(43,914)**	**(31,654)**	**(20,354)**	**(3,537)**	**(1,918)**	**(18,957)**	**(468,494)**
Total impairment	**(7,051)**	**(16,744)**	**(8,115)**	**-**	**-**	**-**	**-**	**-**	**(5,972)**	**-**	**-**	**-**	**(37,882)**
Total net value	**170,511**	**82,613**	**36,228**	**42,591**	**67,595**	**38,556**	**27,156**	**22,248**	**7,270**	**8,274**	**1,219**	**2,153**	**506,414**

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

6. Impairment of assets

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

At 30 June 2017, the Parent's Directors consider that there are no significant indications of impairment of any of the cash-generating units and, accordingly, no impairment losses have been recognized.

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7. Property, plant and equipment

The changes in the first half of 2017 and in 2016 in the different property, plant and equipment accounts and in its related accumulated amortisation and provision are as follows:

	30 June 2017 - Thousands of euros						
	Balance at 1 January 2017	Changes in the scope of consolidation (Note 3-c)	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 30 June 2017
Cost:							
Land and buildings	168,860	-	652	(8,732)	5,082	(5,228)	160,634
Plant and machinery	251,807	1,943	6,614	(1,169)	3,575	(7,187)	255,583
Other fixtures, tools and furniture	70,882	32	733	(202)	54	(903)	70,596
Other items of property, plant and equipment	76,877	20	2,318	(2,895)	34	(3,381)	72,973
Advances and property, plant and equipment in the course of construction	17,611	-	5,731	(59)	(8,991)	(674)	13,618
Grants	(564)	-	9	(249)	-	-	(804)
Total cost	**585,473**	**1,995**	**16,057**	**(13,306)**	**(246)**	**(17,373)**	**572,600**
Accumulated amortisation:							
Land and buildings	(61,528)	-	(2,924)	960	-	1,250	(62,242)
Plant and machinery	(173,046)	(1,200)	(10,452)	1,140	1	5,029	(178,528)
Other fixtures, tools and furniture	(55,262)	(24)	(1,725)	192	25	698	(56,096)
Other items of property, plant and equipment	(76,641)	(16)	(2,517)	2,782	(81)	2,992	(73,481)
Total accumulated amortisation	**(366,477)**	**(1,240)**	**(17,618)**	**5,074**	**(55)**	**9,969**	**(370,347)**
Total impairment	**(1,951)**	-	**(377)**	**454**	-	-	**(1,874)**
Total net value	**217,045**	**755**	**(1,938)**	**(7,778)**	**(301)**	**(7,404)**	**200,379**

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

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

8. Non-current financial assets

The main items included in this heading are disclosed in Note 8 to the consolidated financial statements for 2016.

In the first half of 2017 there have not been any significant changes with respect to the consolidated financial statements at 31 December 2016.

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

The detail of these items at 30 June 2017 and 31 December 2016 is as follows:

	Thousands of euros	
	30/06/2017	31/12/2016
Trade receivables for sales and services	249,399	285,650
Work in progress	131,982	95,560
Provision for doubtful debts	(31,787)	(29,267)
Trade receivables for sales and services	**349,594**	**351,943**
Trade receivables from related companies (Note 17)	2,392	1,698
Other receivables	15,980	19,613
Other accounts receivable from public authorities	5,903	5,906
Total trade and other receivables	**373,869**	**379,160**

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

The changes in the first half of 2017 and in 2016 in the allowance for doubtful debts were as follows:

	Thousands of euros
Balance at 1 January 2016	**27,843**
Additions	6,880
Amounts used	(3,081)
Disposals	(2,747)
Effect of exchange rate changes	372
Balance at 31 December 2016	**29,267**
Additions	6,281
Amounts used	(1,269)
Disposals	(1,127)
Effect of exchange rate changes	(1,365)
Balance at 30 June 2017	**31,787**

10. Equity

a) Share capital

At 30 June 2017 and at 31 December 2016, the Parent's share capital is represented by 130,016,755 fully subscribed and paid up ordinary shares of EUR 0.10 par value each.

Per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 30 June 2017, were as follows:

Company	% share
Southeastern Asset Management, Inc.	15.63%
Threadneedle Asset Management Limited	9.02%
Harris Associates L.P	5.03%
Norges Bank	4.98%
Adelphi Capital LLP	3.05%

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

b) Reserves and share premium

The legal reserve at 30 June 2017 amounts to EUR 2,600 thousand which is equivalent to the 20% of capital.

The total amount of share premium at 30 June 2017 is EUR 313,525 thousand and it is fully available.

c) Treasury shares

At 30 June 2017, the Group held a total of 112,744 treasury shares at an average cost of EUR 10.52 per share. The value of these treasury shares totalled EUR 1,186 thousand, which is recognised under "Treasury Shares" in the accompanying consolidated statement at 30 June 2017.

At 31 December 2016, the Group held or had purchased 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 in the accompanying consolidated statement at 31 December 2016.

In March and May 2017 the Group delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 577,706 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 (see Note 18).

d) Distribution of profit

At 21 June 2017, the shareholders at the Annual General Meeting of the Parent Company resolved to allocate EUR 26,737 thousand of the Parent's profit for 2016 to dividends for a value of EUR 16,902 thousand and to unrestricted reserves for a value of EUR 9,835 thousand.

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

At 13 July 2017 this dividend was paid.

e) *Profit per share*

The profit per share is calculated dividing the profit attributable to the shareholders of the Parent by the average number of ordinary shares in circulation in the year excluding the average number of treasury shares. At 30 June 2017 and 30 June 2016 the profit per share is as follows:

	30/06/2017	30/06/2016
Number of shares	130,016,755	130,016,755
Average number of shares	130,016,755	130,016,755
Consolidated net profit attributable to the Parent (thousands of euros)	16,308	17,545
Number of treasury shares	112,744	290,450
Number of shares in circulation	130,016,755	130,016,755
Profit per share (in euros per share)		
- Basic	0.126	0.135
- Diluted	0.126	0.135

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

f) *Foreign currency translation reserve*

The detail of "Foreign currency translation reserve" in the interim condensed consolidated statement of financial position at 30 June 2017 and 31 December 2016 is as follows:

	Thousands of euros	
	30/06/2017	31/12/2016
Applus+ Energy & Industry	440	7,677
Applus+ Laboratories	(99)	388
Applus+ Automotive	(39,541)	(47,792)
Applus+ IDIADA	556	1,128
Others	2,938	9,537
Total	**(35,706)**	**(29,062)**

g) Non-Controlling interests

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

	30 June 2017 - Thousands of euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	14,313	(137)	14,176
IDIADA Automotive Technology, S.A. subgroup	10,447	2,208	12,655
Arctosa Holding B.V. subgroup	236	83	319
Velosi S.à r.l. subgroup	16,680	2,527	19,207
Applus Iteuve Technology, S.L.U. subgroup	44	119	163
Total non-controlling interests	**41,720**	**4,800**	**46,520**

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

11. Bank borrowings

The detail, by maturity, of the bank borrowings at 30 June 2017 and 31 December 2016 in the interim condensed consolidated statement of financial position is as follows:

	30 June 2017 - Thousands of euros							
			Non-current maturity					
	Limit	Current maturity	2018	2019	2020	2021	2022 onwards	Total
Syndicated loan	809,832	878	-	-	690,328	-	-	690,328
Other loans	-	41	-	-	-	-	-	-
Credit facilities	117,714	23,496	-	-	-	-	-	-
Obligations under finance leases	-	419	209	559	182	159	600	1,709
Total	**927,546**	**24,834**	**209**	**559**	**690,510**	**159**	**600**	**692,037**

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

a) Syndicated loan

The syndicated loan's interest rate is Euribor (for tranches in euros) / Libor (for tranches in foreign currency) plus a spread on the borrowed amount, which at the date of this report was 1.65%.

The structure of the syndicated loan is as follows:

First half of 2017

	Thousands of euros		
Tranche	Limit	Amount drawn + interest added to principal	Maturity
Facility A1	478,903	478,903	26/06/2020
Facility A2	156,471	156,471	26/06/2020
Facility A3	24,458	24,458	26/06/2020
Facility B	150,000	-	26/06/2020
Effect of exchange rate changes	-	36,591	
Interest	-	878	
Debt arrangement expenses	-	(6,095)	
Total	**809,832**	**691,206**	

At 31 December 2016

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

"Facility A1" tranche was drawn down in euros (EUR 479 million), "Facility A2" tranche was drawn down in dollars (USD 218 million, approximately EUR 156 million) and "Facility A3" tranche was drawn down in pounds sterling (GBP 20 million, approximately EUR 24 million).

In the first half of 2017, the Group repaid early USD 50 million (approximately EUR 44 million) of the "Facility A2" tranche.

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

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

- Up to 4.5 times until 30 June 2017 (inclusive).
- Up to 4.0 times from 31 December 2017 (inclusive) to the maturity of the syndicated loan.

Therefore as at 30 June 2017, the financial leverage ratio must be lower than 4.5 times. The actual ratio as defined in the syndicated loan agreement and based on the interim condensed consolidated financial statements as at 30 June 2017 is 3.2.

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

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

a.2) Guarantees provided:

Additionally, shares of certain Applus Group subsidiaries have been pledged to secure the syndicated loan (see Note 16-b).

b) Credit facilities and other loans

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

The Group entered into a non-recourse factoring agreement to sell outstanding receivables from customers for up to a maximum of EUR 20 million bearing interest at the market rate, of which EUR 15,326 thousand had been used at 2017 year-end (2016 year-end: EUR 14,828 thousand).

12. Financial risks and derivative financial instruments

In the first half of 2017 and at 30 June 2017, the Applus Group did not have any derivative financial instrument.

The financial risks to which the Group is exposed are the same as those indicated in Note 16 to the consolidated financial statements for 2016.

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13. Operating Income and expenses

a) Staff costs

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

	Thousands of euros	
	30/06/2017	30/06/2016
Wages, salaries and similar expenses	338,871	333,209
Severances	1,621	1,690
Employee benefit costs	50,656	47,309
Other staff costs	38,604	33,951
Total	**429,752**	**416,159**

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

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

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

Also, the workforce at the end of the first half of 2017 and 2016, by category and gender, is as follows:

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

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

b) Financial result

The detail, by nature, of the financial result in the first half of 2017 and 2016 is as follows:

	Thousands of euros	
	30/06/2017	30/06/2016
Finance income:		
Other finance income with third parties	714	757
Total finance income	**714**	**757**
Finance costs:		
Borrowing costs relating to syndicated loan	(7,468)	(7,245)
Other finance costs paid to third parties	(3,284)	(2,844)
Exchange differences	(2,262)	(2,041)
Total finance costs	**(13,014)**	**(12,130)**
Financial result	**(12,300)**	**(11,373)**

14. Corporate income tax

14.1 Deferred tax assets

The detail of "Deferred Tax Assets" recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2017 and 31 December 2016 is as follows:

	Thousands of euros	
	30/06/2017	31/12/2016
Tax credit for tax loss carryforwards	46,895	46,211
Withholdings taxes and other unused tax credits	13,220	11,705
Temporary differences	23,920	29,283
Total deferred tax assets	**84,035**	**87,199**

14.2 Deferred tax liabilities

"Deferred Tax Liabilities" of the accompanying interim condensed consolidated statement of financial position at 30 June 2017 and at 31 December 2016 includes mainly the following:

	Thousands of euros	
	30/06/2017	31/12/2016
Temporary differences associated with:		
recognition at fair value of the identifiable assets in acquisitions of business combinations	110,788	116,865
depreciation and amortisation and measurement of assets and goodwill	27,279	29,342
the impact of Royal Decree-Law 3/2016	9,090	9,090
amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	4,495	4,158
other deferred tax liabilities	5,766	5,394
Total deferred tax liabilities	**157,418**	**164,849**

14.3 Years open for review and tax audits

The Spanish companies have 2012 and subsequent years for Corporate Income Tax and 2013 and subsequent years for all the other taxes open for potential review by the tax authorities. The foreign companies have the last few years open for potential review in accordance with the legislation in force in each of their respective countries and all the inspections in course. The Parent's directors do not expect any additional material liabilities to arise in the event of a tax audit.

The main inspection procedures and tax risks to which the Group is exposed are disclosed in Note 20-6 to the consolidated financial statements for 2016.

At 27 June 2017, the Group received notification from the Spanish tax authorities of the commencement of tax audits of the Group companies Applus Services, S.A. and Applus Servicios Tecnológicos, S.L.U. in relation to VAT for the periods between June 2013 and December 2014, inclusive.

The Parent's directors do not expect any additional material liabilities to arise as a result of this tax audit.

Except as indicated in the preceding paragraph, there are no significant developments in the first half of 2017 with respect to the main inspection procedures in progress.

15. Segmented information

a) Financial information by business segment

During the first semester of 2017, the Group operates through four operating divisions and a holding division, each of which is considered to be a segment for financial reporting purposes.

The financial information, by segment, in the interim condensed consolidated statement of profit or loss in the first half of 2017 and 2016 is as follows (in thousands of euros):

First half of 2017

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	509,741	31,014	152,913	95,541	49	789,258
Operating expenses	(475,035)	(27,569)	(119,613)	(83,106)	(12,925)	(718,248)
Adjusted operating profit	**34,706**	**3,445**	**33,300**	**12,435**	**(12,876)**	**71,010**
Amortisation charge of intangible assets from business combinations (Note 5)	(10,506)	(713)	(11,545)	(1,080)	-	(23,844)
Remuneration plans (Note 18)						(3,692)
Other results						(1,874)
Operating profit						**41,600**

First half of 2016

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	517,104	28,518	151,661	86,270	102	783,655
Operating expenses	(483,422)	(25,825)	(116,380)	(74,744)	(12,733)	(713,104)
Adjusted operating profit	**33,682**	**2,693**	**35,281**	**11,526**	**(12,631)**	**70,551**
Amortisation charge of intangible assets from business combinations (Note 5)	(10,460)	(713)	(11,544)	(1,080)	-	(23,797)
Remuneration plans (Note 18)						(5.540)
Other results						(15)
Operating profit						**41,199**

The Adjusted Operating Profit is the operating profit before the amortisation charge of the intangible assets allocated in the business combinations (see Note 5), the costs of the remuneration plans related to the Initial Public Offering (see Note 18) and the impairment and gains or losses on disposal of non-current assets and other results.

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

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

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

The non-current assets and liabilities, by business segment, at 30 June 2017 and at the end of 2016 are as follows (in thousands of euros):

30 June 2017

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	256,018	36,204	183,950	56,285	1,265	533,722
Other intangible assets	228,229	22,248	215,228	38,556	2,153	506,414
Tangible assets	76,776	10,950	87,212	25,129	312	200,379
Non-current financial assets	8,024	264	1,567	610	205	10,670
Deferred tax assets	34,633	785	7,545	1,034	40,038	84,035
Total non-current assets	**603,680**	**70,451**	**495,502**	**121,614**	**43,973**	**1,335,220**
Total liabilities	**258,351**	**28,852**	**142,865**	**68,831**	**739,465**	**1,238,364**

31 December 2016

	Applus+ Energy & Industry	Applus + Laboratories	Applus + Automotive	Applus + IDIADA	Others	Total
Goodwill	261,629	32,251	183,948	56,390	1,263	535,481
Other intangible assets	241,656	23,100	226,824	40,103	1,874	533,557
Property, plant and equipment	81,715	11,184	100,475	23,353	318	217,045
Non-current financial assets	9,828	121	1,677	742	202	12,570
Deferred tax assets	33,379	929	9,535	1,418	41,938	87,199
Total non-current assets	**628,207**	**67,585**	**522,459**	**122,006**	**45,595**	**1,385,852**
Total liabilities	**290,162**	**30,575**	**157,766**	**73,558**	**786,453**	**1,338,514**

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

The additions to intangible assets and property, plant and equipment in the first half of 2017 and 2016 are as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Capex first half of 2017	9,927	1,562	3,396	5,121	587	**20,593**
Capex first half of 2016	11,537	1,499	7,143	4,046	755	**24,980**

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b) Segment reporting by geographic segment

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

The sales in the first half of 2017 and 2016, by geographical area, are as follows:

	Thousands of euros	
	30/06/2017	30/06/2016
Spain	153,496	149,838
Rest of Europe	222,937	231,268
United States and Canada	155,960	150,509
Asia and Pacific	89,804	93,146
Middle East and Africa	94,281	90,294
Latin America	72,780	68,600
Total	**789,258**	**783,655**

The non-current assets, by geographical area, at 30 June 2017 and 31 December 2016, are as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Middle East and Africa	Asia Pacific	Latin America	Total
30 June 2017	640,166	305,443	255,510	75,450	50,242	8,409	**1,335,220**
31 December 2016	648,432	313,859	275,904	87,464	51,743	8,450	**1,385,852**

16. Non-current provisions, obligations acquired and contingencies

a) Non-current provisions

The detail of Non-current Provisions at 30 June 2017 and 31 December 2016 is as follows (in thousands of euros):

	30/06/2017	31/12/2016
Long-term employee obligations	7,733	7,689
Other	7,022	9,239
Non-current Provisions	**14,755**	**16,928**

The changes in "Non-current Provisions" in the first half of 2017 and in 2016 are as follows:

	Thousands of euros
Balance at 1 January 2016	**28,888**
Additions	1,687
Amounts used	(4,657)
Finnish Tax Audit	(9,160)
Effect of exchange rate changes	170
Balance at 31 December 2016	**16,928**
Additions	1,816
Amounts used	(1,599)
Finnish Tax Audit	(1,980)
Effect of exchange rate changes	(410)
Balance at 30 June 2017	**14,755**

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

b) Guarantees and obligations acquired

The main guarantees which the Group have provided are disclosed in Note 27-a to the consolidated financial statements for 2016.

In the first half of 2017 there have not been any significant changes in the guarantees provided with respect to the consolidated financial statements for 2016.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position at 30 June 2017 to arise as a result of the transactions described in Note 27-a to the consolidated financial statements for 2016.

c) Contingencies

Note 27-b to the consolidated financial statements for 2016 includes details on the main contingencies the Group may face and, with regard to the contingency described under the "Note 27-b.1, Auto Catalonia", a new event occurred during the first semester of 2017 will be described herein below.

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

In line with the Judgment given by the European Court of Justice (in the Reference for preliminary ruling from the Spanish Supreme Court), which concluded that the Services Directive does not apply to roadworthiness testing activities as those are part of "services in the field of transport" falling within the scope of Title VI of the UE Treaty, the Supreme Court confirmed in its judgments of 21 April and 6 May 2016 that the Catalan ITV regime and the authorizations granted in 2010 to the Group until 2035, were in conformity with applicable law and additionally that restrictions on the maximum market share and minimum distance between roadworthiness testing centres of a single operator were void (as these restrictions to the freedom of establishment were not justified).

By judgment of 25 April 2016, the Supreme Court declared null the call for tender to access the authorization of new roadworthiness testing centers provided as established under the territorial plan, as it included the restrictions of maximum market share and minimum distance between vehicle roadworthiness testing centres licensed to the same undertaking, which had been declared void.

In addition, in the referred judgment of May 6, 2016, the Supreme Court declared void the *Disposición Adicional Segunda* of the Decree 30/2010 that provided for the right to use the assets and rights owned by the Administration by those operators who had been originally concessionaries, as well as the Order regulating the economic consideration for the use of such assets (in a judgment of 4 May 2016). As a result, in another litigation opened before the High Court of Justice of Catalonia (TSJC), the latter has issued a judgment on 24 April 2017, declaring void the Instruction of the General Director of Energy, Mines and Industrial Safety defining the criteria set to define the economic consideration for the use of said public assets. Applus has appealed this Judgment of the TSJC before the Supreme Court of Spain.

The Parent Company's Directors believe that the 2016 judgments of the Supreme Court confirmed the validity of the roadworthiness testing activities' regime in Catalonia - quota authorization- as well as the titles upon which Applus operates in that territory, however the Generalitat de Catalunya (Autonomous Government of Catalonia) shall implement the appropriate measures to comply with the TS judgments referred to above.

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

17. Transactions and balances with related parties

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

- The significant shareholders of Applus Services, S.A. 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 Executive, as well close members of those persons' family. "Director" means a member of the Board of Directors and "Senior Executive" means persons reporting directly to the Board or to the Chief Executive Officer (CEO) of the Group.
- Associates of the Group.

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

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

Transactions with related parties

In the first half of 2017 and 2016 the Parent and its subsidiaries have performed the following transactions with related parties:

	Thousands of Euros					
	First half of 2017			First half of 2016		
	Revenues	Procurements	Other expenses	Revenues	Procurements	Other expenses
Velosi LLC (Oman)	395	(385)	(34)	2,574	(392)	(29)
Velosi (B) Sdn Bhd	33	-	-	-	-	-
Total	**428**	**(385)**	**(34)**	**2,574**	**(392)**	**(29)**

The transactions with related parties refer to commercial transactions.

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

During the first semester of 2017 and 2016 there have not been any transactions nor are there any significant amounts outstanding with significant shareholders.

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related parties	
	30/06/2017	31/12/2016
Velosi LLC (Oman)	2,306	1,536
Velosi (B) Sdn Bhd	86	162
Total	**2,392**	**1,698**

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related parties	
	30/06/2017	31/12/2016
Velosi LLC (Oman)	190	3
Velosi (B) Sdn Bhd	4	-
Total	**194**	**3**

18. Disclosures on the Board of Directors and Senior Executive

Remuneration of and obligations to the Board of Directors

The detail, by item, of the remuneration received by the executive director and the Parent's Directors is disclosed in Note 29 to the consolidated financial statements for 2016. The detail of the remuneration earned by the Executive Director and the Parent's Directors at 2017 and 2016 year-end is as follows:

a) Biannual remuneration:

	Thousands of Euros					
	30/06/2017			30/06/2016		
	Executive Director	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	325	-	325	325	-	325
Variable remuneration	163	-	163	163	-	163
Other items	20	-	20	20	-	20
Non Executive Chairman and Independent Directors	-	280	280	-	220	220
Corporate Social Security Committee	-	25	25	-	25	25
Appointments & Compensation Committee	-	35	35	-	25	25
Audit Committee	-	35	35	-	25	25
Total	**508**	**375**	**883**	**508**	**295**	**803**

During the first half of 2017, the Executive Director and the members of the Board of Directors did not earn or receive any termination benefits or pension plan contributions.

Also, the amount vested in the Long-Term Incentive Plan ("LTI") described in Note 29 to the consolidated financial statements for 2016 for the first half of 2017 totalled EUR 130 thousand, not included in the table above, and the cumulative provision for 2016 and the first half of 2017 totalled EUR 260 thousand.

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

The executive director is a beneficiary of the Economic Incentive Plan remuneration system detailed in Note 29 to the consolidated financial statements for 2016. This plan was completed on 9 May 2017 with the last delivery of the Parent's shares.

Executive Director	31/12/2014	31/12/2015	31/12/2016	31/12/2017	Total
Cash-settled Economic Incentive (thousands of euros)	9,950				**9,950**
RSU-settled Economic Incentive: Number of RSUs delivered Delivery date of RSUs Share value on RSU delivery date (euros)	 1,178,968 09/05/2014 14.50				 **1,178,968**
Date of conversion into shares		09/05/2015	09/05/2016	09/05/2017	
Number of RSUs convertible into shares		392,989	392,989	392,990	**1,178,968**
RSUs delivered (net of withholding tax)		209,817	218,030	221,804	**649,651**

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

At 9 May 2017, the Executive Director received 222 thousand shares as agreed in the "Economic Incentive Plan" described in Note 29 to the consolidated financial statements for the year 2016. This amount of 222 thousand shares is the result of applying the tax withholding corresponding to the gross amount agreed in the "Economic Incentive Plan" granted at the time of the IPO in the Spanish securities market (OPV), always subject to the permanence in the company of 393 thousand RSUs convertible into shares on 9 May 2017 according to the accrual schedule described in Note 29 to the consolidated financial statements for the year 2016.

Pursuant to IFRS 2, the impact on the consolidated statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on IPO), i.e. EUR 14.5 per share. The entire impact in 2017 was concentrated in the first four months of the year and amounted to EUR 1,899 thousand.

At 30 June 2017, no loans or advances had been granted to the members of the Parent's Board of Directors.

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

The Parent's Board of Directors at 30 June 2017 and at 31 December 2016 is made up of 8 men and 1 woman.

Remuneration of and obligations to Senior Executives

On 1 January 2017, the Group changed its organisational structure and, as a result, amended the definition of management personnel. The internal auditor is also included in Management, 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.

At 30 June 2017, Group management, as described in this section, was composed of 15 men and 3 women (31 December 2016: 10 men and 1 woman).

The breakdown, by item, of the remuneration earned in the first half of 2017 and 2016 by the Group's management is as follows:

a) Biannual remuneration:

	Thousands of Euros	
	30/06/2017	30/06/2016
Fixed remuneration	1,708	1,245
Variable remuneration	562	392
Other items	274	133
Termination benefits	-	-
Pension plans	47	40
Total	**2,591**	**1,810**

In addition to the variable remuneration of EUR 562 thousand, Senior Executives are the beneficiary of a variable remuneration plan comprising the annual delivery of a fixed number of RSUs. The plan is approved annually by the Appointments and Compensation Committee and ratified by the Parent's Board of Directors. At 30 June 2017, three plans had been approved and ratified, as follows:

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

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

At 22 February 2017, the delivery to management of 82 thousand additional RSUs was approved and ratified. The related shares will be delivered in March 2018 (30%), March 2019 (30%) and March 2020 (40%). The aforementioned plan was awarded to management personnel in accordance with the new organisational structure.

Senior Executives	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	**Total**
Long-term incentive (RSUs)							
Number of RSUs delivered	67,220	106,594	81,917				**316,111**
RSU delivery date	March 15	March 16	March 17				
Share value at RSU delivery date	10.18	7.13	10,70				
Date of conversion into shares		March 16	March 17	March 18	March 19	March 20	
Number of PSUs convertible into shares		20,166	52,144	99,059	79,055	33,687	**316,111**
Number of RSUs delivered (net of withholding tax)		10,886	39,834				**50,720**

Impact on profit or loss	2015	2016	2017	2018	2019	2020	**Total**
Vesting period (months)	10 months	12 months	12 months	12 months	12 months	2 months	
Impact on profit or loss (thousands of euros)	171	395	833	687	400	58	**2,544**

Based on the vesting schedule, Group Senior Executives received 39.834 shares in March 2017 (10,886 shares in March 2016). These 39,834 shares are the result of applying the withholding tax corresponding to the amount agreed with each executive.

b) Multiannual remuneration and long-term incentive:

At 24 February 2017, the last payment was made in relation to the Multiannual Incentive plan described in Note 29 to the consolidated financial statements for 2016. The aforementioned plan was completed in 2016.

At 21 July 2016, the Board of Directors resolved to replace the Multiannual Incentive with the Long-Term Incentive (LTI). The detail of the aforementioned incentive is described in Note 29 to the consolidated financial statements for 2016.

The LTI for the first half of 2017 amounted to EUR 242 thousand, and the cumulative provision for 2016 and the first half of 2017 totalled EUR 485 thousand.

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

Eight members of the Group's current management are beneficiaries of the Economic Incentive Plan remuneration system detailed in Note 29 to the consolidated financial statements for 2016. This plan was completed on 9 May 2017 with the last delivery of the Parent's shares.

Senior Executives	31/12/2014	31/12/2015	31/12/2016	31/12/2017	Total
Cash-settled Economic Incentive (thousands of euros)	8,750				**8,750**
RSU-settled Economic Incentive: Number of RSUs delivered RSU delivery date	 1,389,768 09/05/2014				 **1,389,768**
Share value at RSU delivery date (euros)	14.50				
Date of conversion into shares		09/05/2015	09/05/2016	09/05/2017	
Number of PSUs convertible into shares		463,256	463,256	463,256	**1,389,768**
Number of RSUs delivered (net of withholding tax)		272,227	258,987	230,973	**762,187**

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

Pursuant to IFRS 2, the impact on the consolidated statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on IPO), i.e. EUR 14.5 per share. The entire impact in 2017 was concentrated in the first four months of the year and amounted to EUR 1,796 thousand.

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

In accordance with the vesting schedule, on 9 May 2017 the Group's executives received 230,973 shares under the terms of the "Incentive Plan" (212,197 shares on 9 May 2016). Similarly, the Executive who retired but for whom the delivery schedule initially established was maintained received 47,257 shares. The total of 278,230 shares is the result of applying the withholding tax corresponding to each executive to the gross amount agreed upon in the Incentive Plan of 463,256 RSUs convertible into shares on 9 May 2017.

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

19. Events after the reporting period

After 30 June 2017 and until the date of authorisation for issue of these consolidated financial statements, no relevant events took place which must be included in the notes to the consolidated financial statements or that significantly change or have a material effect on these consolidated financial statements finished on 30 June 2017.

20. Explanation added for translation to English

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

Applus Services, S.A.
and Subsidiaries

Management Report to the Interim Condensed Consolidated Financial Statements for the first half of 2017

We are pleased to submit to the Shareholders the present report on the evolution of the Group during the first half of 2017 and its development to date.

Overview of performance

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported") results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of other results.

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

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

	H1 2017			H1 2016			
EUR Million	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	+/- % Adj. Results
Revenue	**789.3**		**789.3**	**783.7**	**-**	**783.7**	**0.7%**
Ebitda	**93.9**	**(3.7)**	**90.2**	**95.0**	**(5.5)**	**89.5**	**(1.2)%**
Operating Profit	**71.0**	**(29.4)**	**41.6**	**70.6**	**(29.3)**	**41.2**	**0.6%**
Net financial expenses	(12.3)		(12.3)	(11.4)	0.0	(11.4)	
Share of profit of associates	0.5		0.5	0.9	0.0	0.9	
Profit Before Taxes	**59.2**	**(29.4)**	**29.8**	**60.1**	**(29.3)**	**30.7**	**(1.5)%**
Income tax	(14.2)	5.5	(8.7)	(14.3)	5.5	(8.8)	
Non controlling interests	(4.8)		(4.8)	(4.4)	0.0	(4.4)	
Net Profit	**40.2**	**(23.9)**	**16.3**	**41.4**	**(23.8)**	**17.6**	**(2.9)%**
Number of Shares	130,016,755		130,016,755	130,016,755		130,016,755	
EPS, in Euros	**0.31**		**0.13**	**0.32**		**0.14**	**(2.9)%**
Income Tax/PBT	*(24.0)%*		*(29.2)%*	*(23.8)%*		*(28.6)%*	

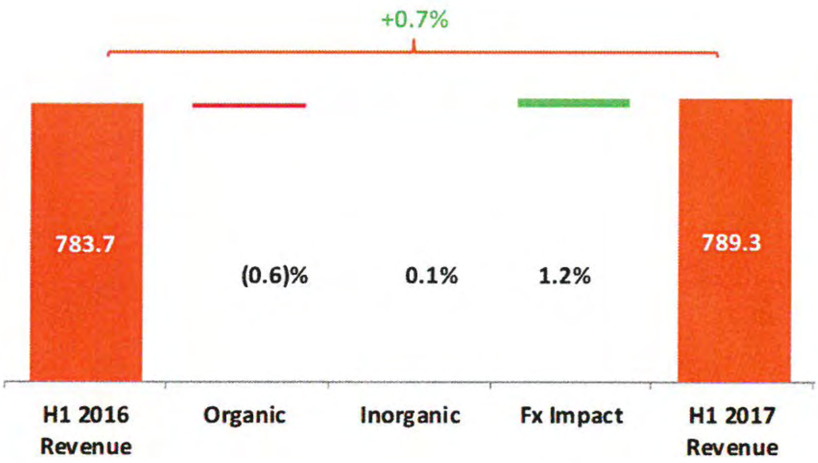
The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €29.4 million (H1 2016: €29.3m) in the Operating Profit represent €3.7 million (H1 2016: €5.5m) for the charge of the historical management incentive plan as disclosed at the IPO affecting EBITDA, amortisation of acquisition intangibles of €23.8 million (H1 2016: €23.8m), Severances of €1.5 million (H1 2016 €nil) plus €0.4 million of other items (H1 2016 €nil). Tax of €5.5 million (H1 2016 €5.5m) relates to the tax impact on Other results.

Overview of performance

Revenue for the first half of 2017 was €789.3 million which was 0.7% higher than the first half of 2016.

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



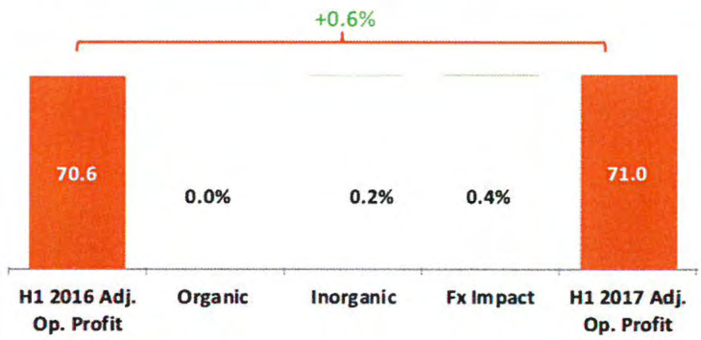
Q2 2017	**0.2%**	**0.1%**	**0.7%**	**1.0%**

The total revenue increase of 0.7% for the period was made up of a reduction in organic revenue of 0.6% plus the benefit of a small acquisition made in the first half in the Laboratories division and favourable foreign exchange rates.

The organic revenue in the second quarter grew by 0.2% following declines in the previous 9 quarters.

Adjusted operating profit for the first half of 2017 was €71.0 million which was 0.6% higher than the first half of 2016.

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



Adj.OP.Profit Margin	**9.0%**	***+ 5 bps***	***+ 1 bps***	***-7 bps***	**9.0%**
	Q2 2017	**(0.3)%**	**0.3%**	**0.8%**	**0.8%**

The adjusted operating profit increase of 0.6% for the period was made up of flat organic adjusted operating profit plus the benefit of a small acquisition made in the first half and favourable foreign exchange rates.

The resulting adjusted operating profit margin was 9.0% at the same level as at 30 June 2016.

The statutory operating profit was 1.0% higher at €41.6 million in the half year.

The net financial expense increased in the period from €11.4 million in the first half of 2016 to €12.3 million this half mainly as a result of a negative currency impact and higher interest rates on the portion of debt that is denominated in US dollars. For the second half of 2017, the net financial expenses are expected to be lower than the level in the first half of 2017 due to the lower amount of debt in US dollars, although it will depend on the final foreign exchange impact.

The tax charge for the half year was in-line with the prior year period. The effective tax charge on the adjusted profit before tax was €14.2 million (H1 2016: €14.3m) giving a rate of 24.0% (H1 2016: 23.8%). The rate on the adjusted operating profit was 20.0% (H1 2016: 20.2%). The reported tax charge was €8.7 million (H1 2016: €8.8m) and this rate on the reported profit before tax was 29.2% (H1 2016: 28.6%).

The adjusted earnings per share was €0.31 which is a decrease of 2.9% on the prior year. This was mainly due to slightly higher financial expense, Minorities and lower income from Associates.

Net capital expenditure for the period relating to expansion of existing and into new facilities was €12.8 million (H1 2016: €25.0m). In the first half of 2017, this capital expenditure included the cost of acquiring new Automotive stations of €1.7 million (H1 2016: €4.9 million) less the proceeds from the disposals of old Automotive stations of €7.8 million (H1 2016: €nil). Excluding the net cost and proceeds of Automotive stations, the operational capital expenditure was €18.9 million (H1 2016 €20.1 million) and this represented 2.4% (H1 2016: 2.6%) of Group revenue.

Cash flow was lower than this period last year, with adjusted operating cash flow (after capital expenditure) of €43.0 million being €3.7 million lower than the same period last year and adjusted free cash flow of €24.2 million being €4.5 million lower than the same period last year. The cash flow performance was good in the context of the increase in working capital following the change in revenue trend and considering the exceptionally low working capital level at the end of last year.

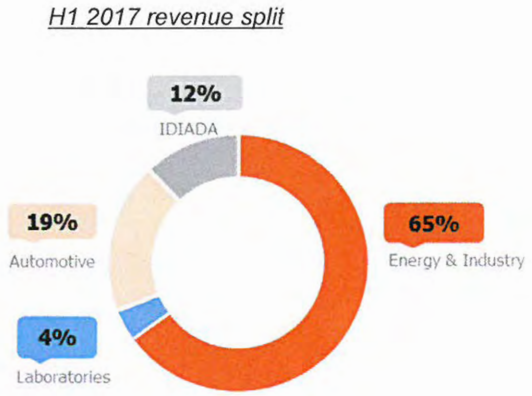
Net Debt, as defined by the bank covenants, reduced by €69.4 million due to strong cash flow over the last 12 months since 30 June 2016 and this has helped to maintain a stable financial leverage ratio of Net Debt to last twelve months Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of 3.2x. This is lower than the ratio at this time last year and at the same level as at 31 December 2016. The covenant is tested twice a year and was set at 4.5x. From December 2017 the covenant level is at 4.0x which the Group expects to be able to comfortably meet.

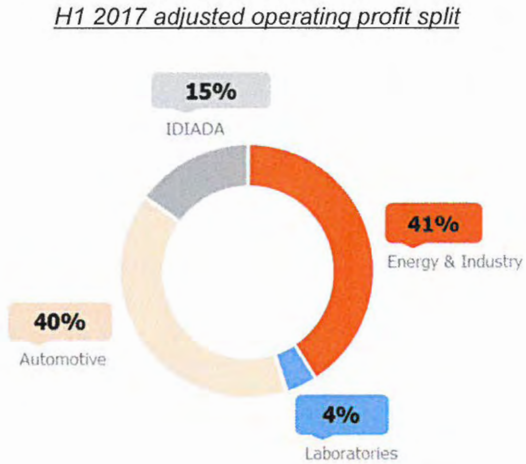
Outlook

The guidance for the year remains unchanged. For the full year it is expected that the Group organic revenue growth at constant exchange rates and adjusted operating profit margin will be approximately flat.

In the medium term, as the headwinds impacting the Energy & Industry division ease, Applus+ is confident that it is well positioned to benefit from the structural growth drivers across its end markets.

Operating review by division

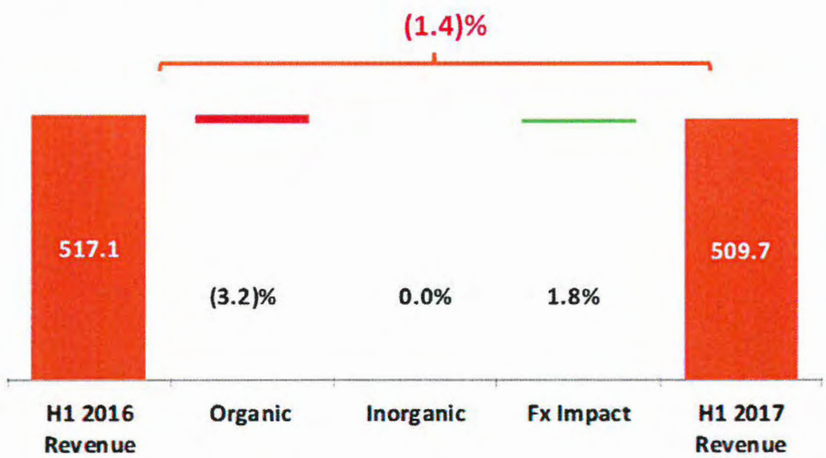




Energy & Industry Division

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

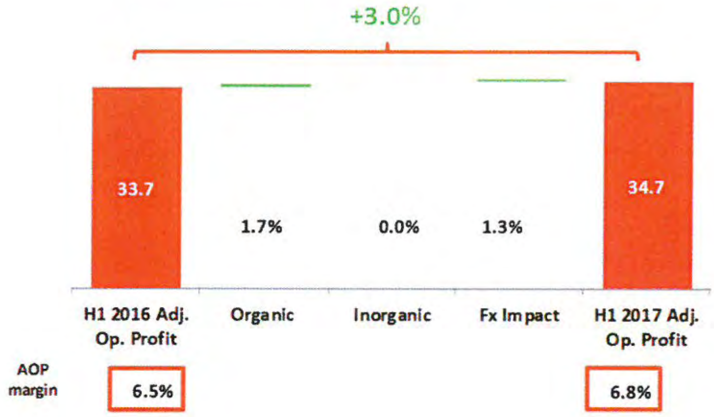
Revenue growth bridge in € million:



The revenue in the division declined by 1.4% to €509.7 million. At constant exchange rates, organic revenue declined by 3.2% for the period of which 4.2% was in Q1 and 2.2% was in Q2.

There was a positive foreign currency translation benefit of 1.8% on revenue mainly due to the US dollar and some other currencies strengthening against the euro.

Adjusted operating profit growth bridge in € million:



The adjusted operating profit increased by 3.0% from €33.7 million to €34.7 million in the period. The resulting adjusted operating profit margin increased by 30 basis points from 6.5% to 6.8%.

The margin increase was mainly as a result of the successfully completed integration of the three former divisions that make up Energy & Industry and the resulting synergies and cost control in an environment of significant price pressure.

Furthermore, the integration has opened up opportunities to sell specialised services into new regions and package service offerings to clients in a more effective manner.

Revenue from services to the oil and gas industry, which for the period accounted for approximately 60% of the revenue of the division, was down by around mid-single digits. The improvement in the decline rate compared to previous periods was driven by a higher volume of work in North America although the overall market for oil and gas services remains challenging with continued price pressure and as yet, no recovery in capital spending by our oil and gas company customers.

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

North America which accounted for 26% of the division by revenue in the period and is mainly exposed to the oil and gas sector, had stable revenue compared to the prior year, which was the first time in two years following periods of strong revenue decrease. The non-destructive testing business for aerospace in North America performed well.

Latin America, which accounted for 9% of the division by revenue had lower revenue in the period due to the end of new construction pipeline projects in Mexico in the second half of 2016 and generally weaker market conditions in the region, especially in Chile, with fewer infrastructure capital projects in the country and an increasingly competitive market.

In Northern Europe which accounted for 19% of the division by revenue, and where a high proportion of the revenue comes from recurring operational expenditure exposed work to the downstream industries, continued to have stable revenue compared to the prior year. The North Sea region which has come under severe volume and price pressure continues to negatively impact the region, but this was offset by higher volume of international new construction projects that are managed out of the Netherlands.

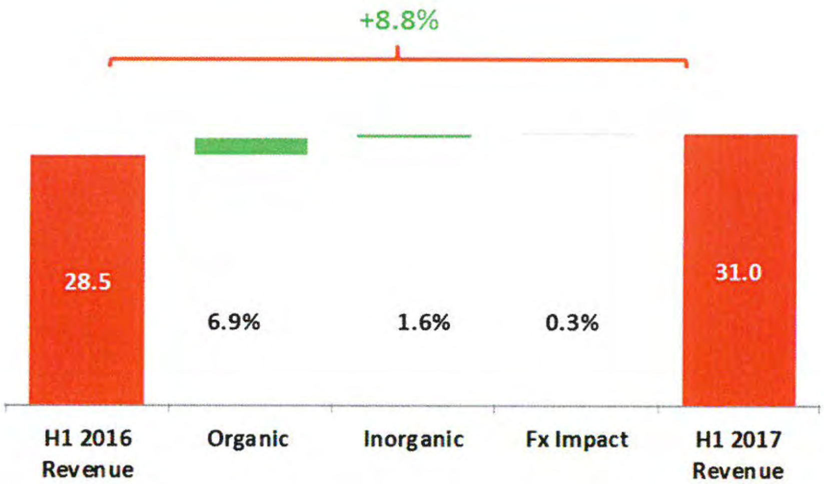
In Southern Europe, Africa, Middle East, Asia & Pacific which is the largest of the four regions by revenue accounting for approximately 46% of the division had stable revenue on the prior year with Spain and the Middle East performing well and offsetting the decline in Africa and Asia & Pacific. The combined contract signed with Shell in the first quarter of the year is expected to start in September and this will support the second half revenue.

Laboratories Division

The Laboratories Division provides testing, certification, product development and engineering services to clients in a wide range of industries including aerospace, electrical and electronics and IT products.

Revenue for the first half of 2017 was €31.0 million which was 8.8% higher than the first half of 2016.

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

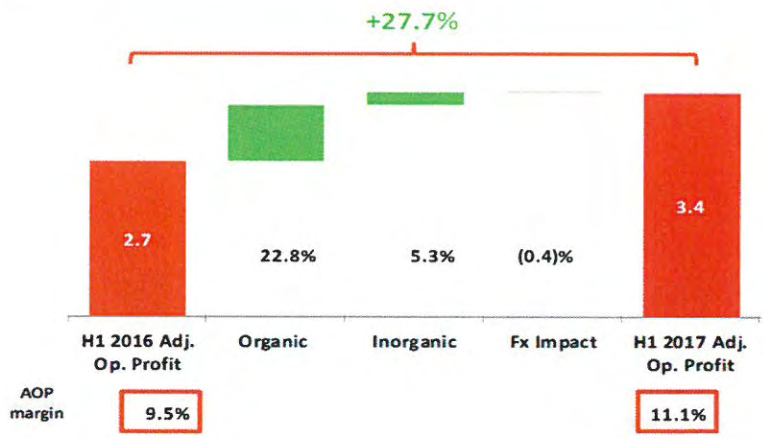


At constant exchange rates, the division had organic revenue growth of 6.9% for the period, revenue relating to acquisitions of 1.6% and a favourable impact of 0.3% from foreign currency translation. The organic revenue growth in the second quarter at 6.1% was a bit lower than the 7.8% growth in the first.

Inorganic revenue growth of 1.6% in the period came from the acquisition of an electrical and electronics laboratory in the north of Italy called Emilab that was closed at the start of the second quarter. The performance of the laboratory has so far been as planned.

The adjusted operating profit increased by 27.7% to €3.4 million in the half year resulting in an increase in margin of 160 bps to 11.1%.

Adjusted operating profit growth bridge in € million:



The division had strong performance across all the business lines. The most significant contributors to the growth was testing of construction materials for fire resistance amongst other things, testing of materials and parts for the aerospace industry and electrical and electro-magnetic compatibility testing for the automotive sector.

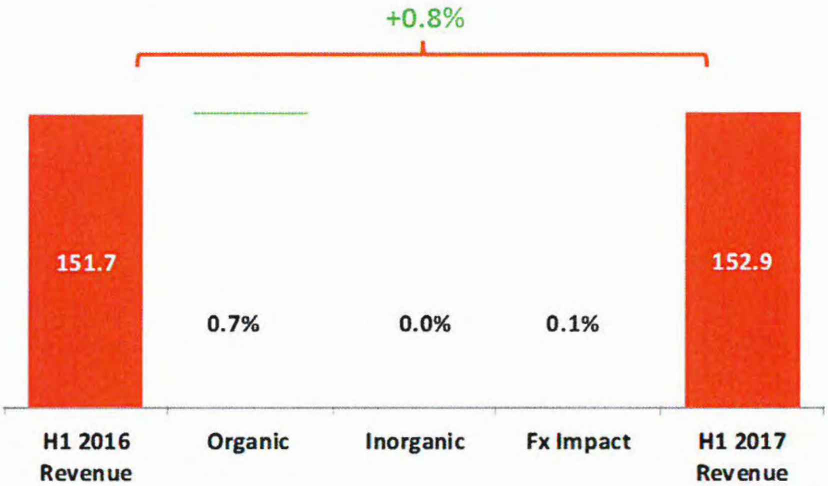
The strong margin improvement came from good operating leverage and the contribution of the higher margin acquisition.

Automotive Division

The Automotive Division is a leading provider of statutory vehicle inspection services globally. The division provides vehicle inspection and certification services across a number of jurisdictions where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. The Group carried out 11 million vehicle inspections in 2016 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra and programme managed a further 5 million inspections carried out by third parties.

Revenue for the first half of 2017 was €152.9 million which was 0.8% higher than the first half of 2016.

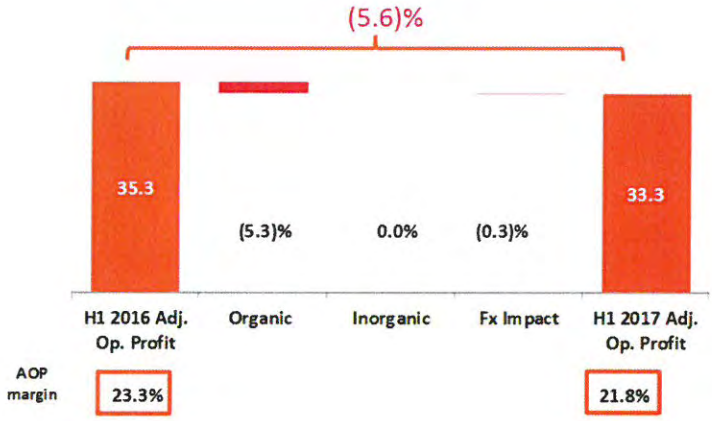
The revenue growth bridge in € million for the half year is shown below.



Organic revenue at constant exchange rates grew at 0.7% for the period, with a slightly favourable currency translation impact. The timing of Easter in 2017 versus 2016 had a small effect on the revenue seasonality compounding the slightly higher organic revenue growth in the first quarter of 1.8% and a small decline in organic revenue in the second quarter of 0.5%. For the period, the revenue from the largest contract in Ireland was down offsetting the growth elsewhere.

The adjusted operating profit decreased by 5.6% to €33.3 million in the half year resulting in a decrease in margin of 150 bps to 21.8%.

Adjusted operating profit growth bridge in € million:



The margin was impacted in the period due to lower margins in the new contract in Illinois and the renewed eight year contracts in Chile, which will take time to improve. Furthermore, the new contract award in Buenos Aires city that had a delayed start late last year is still ramping up and currently operating at a lower margin.

The exclusive concession in Ireland had lower revenue due to a rejuvenation of the car fleet resulting in fewer cars over 4 years old that require inspection. In Spain, all the regions performed well. In the Nordics, Denmark grew benefiting from a growing market but Finland had lower revenue continuing to suffer from the higher competition and lower prices. In Latin America there was good overall growth in revenue due to the new contract in Buenos Aires city compensating for lower revenue on the renewed contracts in Chile. The new contract in Buenos Aires city is still below full capacity and continues to ramp up.

In the US, the various programmes performed well, with a new contract for Taxis and Limousines in New York more than offsetting the lower revenue from the new Illinois contract.

The division is continuing to prepare for the commencement of the new contracts awarded last year in Massachusetts, Uruguay and Chile and in the meantime has been awarded a second region in Uruguay being for the remainder of the country not already awarded to Applus+. The Government has therefore consolidated the two regions into one and extended the period from 5 years to 8 years with a 4 year extension option, resulting in an increase in the total expected contract term revenue from €25 million to €60 million. The expected start date for this new contract in Uruguay is the second half of next year whilst Massachusetts is expected to start at the end of this year and the smaller contract in Chile the beginning of next year.

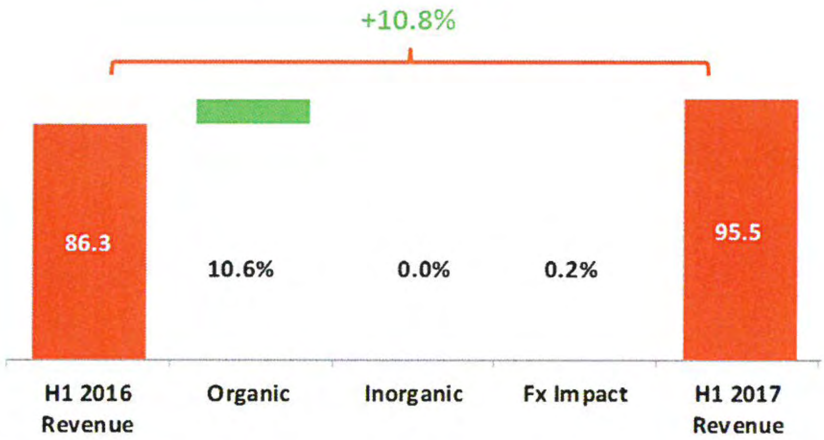
Furthermore, the division has been successful in winning a new contract in the city of Durán in Ecuador. This is a ten year contract which is expected to generate €11 million euros over the total time period.

IDIADA Division

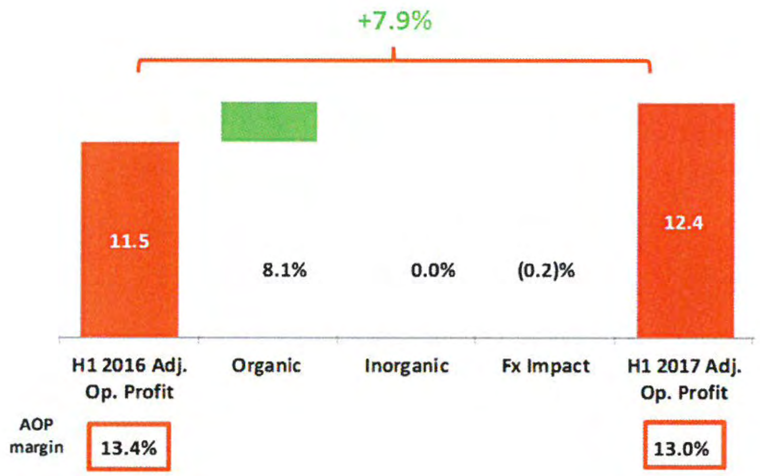
The IDIADA Division provides services to the world´s leading vehicle manufacturers. These include safety and performance testing, engineering services and homologation (Type Approval). By deploying state-of-the-art engineering capabilities, its customer-focused teams work closely with vehicle manufacturers to offer a comprehensive design, engineering and homologation service in twenty-five countries. This includes one of the world's most comprehensive proving grounds and test tracks located near Barcelona, Spain.

Revenue for the first half of 2017 was €95.5 million which was 10.8% higher than the first half of 2016.

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



Adjusted operating profit growth bridge in € million:



IDIADA continues to have strong revenue and profit growth with exceptionally good organic revenue growth in the second quarter of 15.4% after 5.9% in the first quarter. The margin remained high at 13.0% delivering an increase in adjusted operating profit of 7.9% to €12.4 million for the half year.

All business lines and regions contributed to this growth including double digit organic revenue growth from Germany, Czech Republic, Brazil and India.

A new passive safety facility has been built in Catalonia adding needed capacity to capture the continued strong growth in this business. The division is also investing in the new areas of auto research and development such as Advanced Driver Assistance Systems (ADAS), autonomous and semi-autonomous vehicles and electric vehicles and has already signed agreements with partners and customers for testing in this area.

Main risk facing the Group

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

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

Management is focused on the identification of risks, the determination of tolerance to each risk, the hedging of financial risks, and the control of the hedging relationships established.

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

Quality, environment, risks prevention and innovation

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

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

In 2017, we have published our second Corporate Social Responsibility report which includes information about our energy consumptions and the travel related greenhouse gas emissions. We continued working on a reporting system that will enable us to have information about the emissions of our activities, which are fundamentally centred on energy use at our offices and our professionals' trips. In that line, we extended the scope of that process in terms of the number of offices and facilities included in the report and introduced a new indicator, i.e. water use, with the aim of aligning us with some of the United Nation's sustainable development targets. We also implemented initiatives to reduce waste and improve its management.

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

At Applus, we believe that developing a safety culture that is shared throughout the Group is key to meet our targets. To do this, we work on projects to raise awareness and promote proactive and preventive safety behaviors among all our employees and collaborators. In 2017 we continue with the internal campaign called "Time for Safety" to promote and drive preventive culture among our employees throughout the 11 Golden Safety Rules of Applus. Furthermore, we are preparing our fourth Safety Day that will be held in October. It will be focused on the importance of devoting time to safety with a view to minimising the potential risks in our day-to-day activities in order to ensure preventive, proactive and accountable attitudes within the company that will help us to reach our goal of zero accidents. Additionally, we are developing initiatives such as "Safety Ace Award" or "Valoramos tu + (Beyond the call of safety)" to engage our people on this important issue. In 2017, we extended the communication channels, including a specific channel for incident reporting as well as the existing ones for communicating doubts, queries and incidents about safety.

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

In 2017, Applus is taking part in 25 European projects through its divisions, 6 national and regional projects in Spain and in its own projects.

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

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

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

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

Tresasury shares transactions

At 30 June 2017, the Group held a total of 112,744 treasury shares at an average cost of 10.52 euros per share. The total value of the treasury shares totalled EUR 1,186 thousand.

In March and May 2017 the Group delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 577,706 shares as is described in the Note 10-c.

Use of financial instruments

During 2017 the Group has not acquired any financial derivative instruments.

Events after the reporting period

No events have occurred since 30 June 2017 other than those described in the notes to the accompanying interim condensed consolidated financial statements.

The Directors of Applus Services, S.A. declare that, to the best of their knowledge, the interim condensed consolidated financial statements of Applus Services, S.A. and Subsidiaries (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) for the six month period ended at 30 June 2017, prepared by the Board of Directors at its meeting on 21 July 2017 in accordance with the accounting policies applicable present fairly the equity, financial position and results of Applus Services, S.A., and also for the Subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying the interim condensed consolidated financial statements of Applus Services, S.A and Subsidiaries includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and Subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face.

Barcelona, 21 July 2017

Mr. Christopher Cole Chairman	Mr. Ernesto Gerardo Mata López Director
Mr. John Daniel Hofmeister Director	Mr. Fernando Basabe Armijo Director
Mr. Richard Campbell Nelson Director	Mr. Nicolás Villén Jiménez Director
Ms. Maria Cristina Henríquez de Luna Basagoiti Director	Mr. Claudi Santiago Ponsa Director
Mr. Scott Cobb Director	

The Directors of Applus Services, S.A. declare that, to the best of their knowledge, the interim condensed consolidated financial statements of Applus Services, S.A. and Subsidiaries (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) for the six month period ended at 30 June 2017, prepared by the Board of Directors at its meeting on 21 July 2017 in accordance with the accounting policies applicable present fairly the equity, financial position and results of Applus Services, S.A., and also for the Subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying the interim condensed consolidated financial statements of Applus Services, S.A and Subsidiaries includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and Subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face.

Barcelona, 21 July 2017

Mr. Christopher Cole
Chairman

Mr. Ernesto Gerardo Mata López
Director

Mr. John Daniel Hofmeister
Director

Mr. Fernando Basabe Armijo
Director

Mr. Richard Campbell Nelson
Director

Mr. Nicolás Villén Jiménez
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Mr. Claudi Santiago Ponsa
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Mr. Scott Cobb
Director