

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

Financial Statements for the year  
ended 31 December 2017 and  
Directors' Report, together with  
Independent Auditor's 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 financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

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

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Applus Services, S.A.,

### Report on the Financial Statements

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#### Opinion

We have audited the financial statements of Applus Services, S.A. (the Company), which comprise the balance sheet as at 31 December 2017, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2017, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

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#### Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

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#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment of ownership interests in, and loans to, Group companies

### Description

The Company has direct and indirect ownership interests in the share capital of Group companies and associates that are not listed on regulated markets, and has granted loans thereto (see Notes 4.1, 5.1, 5.2 and 10.2).

The measurement of the recoverable amount of those ownership interests and loans requires the use of significant estimates and judgements by management, both when choosing the valuation method and discounting future cash flows and when taking into consideration the key operating assumptions used for each method in question. As a result of the foregoing, as well as the significance of the investments held and loans granted, which amounted to EUR 1,331 million and EUR 674 million, respectively, at 2017 year-end, this matter was determined to be a key matter in our audit.

### Procedures applied in the audit

Our audit procedures consisted, among others, of the measurement of the recoverable amount of the aforementioned ownership interests and loans performed by the Company's management, and verified both the appropriateness of the valuation method used in relation to the investment held and the clerical accuracy of the calculations made. We also assessed the reasonableness of the cash flow projections and the discount rates by conducting a critical analysis of the key assumptions of the models used. In particular, we compared revenue growth rates with the latest approved strategic plans and budgets, and reviewed them for consistency with the historical information on the market situation, as well as assessing management's historical accuracy in the budgeting process.

We also assessed the reasonableness of the discount rates applied, taking into consideration the cost of capital of comparable organisations, as well as perpetuity growth rates, among others.

We involved internal business valuation specialists to assess the reasonableness of the models and key assumptions used by the Company.

Lastly, we evaluated whether the disclosures included in Notes 4.1, 5.1, 5.2 and 10.2 to the accompanying financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

## Recoverability of deferred tax assets

### Description

Notes 8.1 and 8.5 details the deferred tax assets amounting to EUR 36.2 million that are recognised in the balance sheet at year-end, corresponding to tax losses, tax credits and temporary differences amounting to EUR 28 million, EUR 4.4 million and EUR 3.8 million, respectively. The Company belongs to the Spanish tax group described in Note 4.3.

In addition, as indicated in Note 8.6, the Company has unrecognised deferred tax assets corresponding to tax losses and tax credits.

At the end of each reporting period, Company management assesses the recoverability of the tax assets recognised based on projections of future taxable profits in a timeframe of no more than ten years, taking into account current legislation and the most recent business plans approved. We identified this matter as key in our audit, since the assessment of the recoverability of these assets requires a significant level of judgement, largely in connection with the projections of business performance.

### Procedures applied in the audit

Our audit procedures to address this matter included, among others:

Evaluation of the methodology and assumptions applied by the Company and, in particular, those related to the growth of sales and expenses that determine the projection of future taxable profits.

Verification of the consistency of the assumptions taking into account both historical information and the market situation and the tax legislation applicable, which was verified by internal tax experts. We also reviewed the consistency of the models with the financial information used by Company management in performing its impairment tests on ownership interests in, and loans to, Group companies, stressing those assumptions that have the greatest effect on determining the recoverable amount of the tax assets.

We also analysed the historical precision of management in the process of preparing projections of tax bases, comparing the actual figures for the year with the projections made in the preceding year.

Lastly, we also verified that the disclosures required by the applicable accounting legislation are included in the notes to the accompanying financial statements. The disclosures on this matter can be found in Notes 4.3 and 8 to the financial statements.

## Other Information: Directors' Report

The other information comprises only the directors' report for 2017, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report is defined in the audit regulations in force, which establish two distinct levels thereof:

- a) A specific level that applies to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report and, if this is not the case, reporting this fact.
- b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in above, we have checked that the information described in section a) above is provided in the directors' report and that the other information in the directors' report is consistent with that contained in the financial statements for 2017 and its content and presentation are in conformity with the applicable regulations.

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### **Responsibilities of the Directors and of the Audit Committee for the Financial Statements**

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor's report.

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

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### **Additional Report to the Audit Committee**

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 23 February 2018.

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### **Engagement Period**

The Annual General Meeting held on 21 June 2017 appointed us as auditors for a period of one year from the year ended 31 December 2016, i.e. for 2017.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2007 and, therefore, since the year ended 31 December 2014, the year in which the Company became a Public Interest Entity.

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



Raimon Ripoll Giralt  
Registered in ROAC under no. 16874

23 February 2018

## Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

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### Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Thousands of Euros)

ASSETS	Notes	31/12/17	31/12/16	EQUITY AND LIABILITIES	Notes	31/12/17	31/12/16
<b>NON-CURRENT ASSETS:</b>		<b>1,675,455</b>	<b>1,558,255</b>	<b>EQUITY:</b>		<b>1,181,822</b>	<b>1,028,160</b>
Non-current investments in Group companies and associates-		1,639,224	1,520,066	SHAREHOLDERS' EQUITY-		1,181,822	1,028,160
Equity instruments	5.1	1,330,583	1,111,168	Share capital	6.1	14,302	13,002
Credits from companies	5.1 & 10.2	308,641	408,898	Share premium	6.2	449,391	313,525
Deferred tax assets	8.5	36,231	38,189	Reserves	6.2	688,256	677,733
				Treasury shares	6.3	(1,186)	(2,837)
				Profit for the year		31,059	26,737
				NON-CURRENT LIABILITIES:		496,740	543,092
				Non-current payables	7	461,061	460,785
				Non-current payables to Group companies and associates	10.2	35,679	82,307
<b>CURRENT ASSETS:</b>		<b>378,022</b>	<b>344,627</b>	<b>CURRENT LIABILITIES:</b>		<b>375,175</b>	<b>331,630</b>
Trade and other receivables-		10,025	8,926	Current payables-	7	16,460	837
Receivable from Group companies and associates	10.2	1,351	1,249	Bank borrowings		16,460	837
Corporate income tax receivables	8.1	8,674	7,677	Loans to Group companies and associates	10.2	354,790	322,077
Current investments in Group companies and associates-	5.2 & 10.2	365,580	299,901	Trade and other payables-		3,925	8,716
Short-term credits to Group companies and associates		365,472	294,511	Payable to suppliers		-	102
Other financial assets		108	5,390	Sundry accounts payable		783	603
Cash and cash equivalents	5.3	2,677	35,800	Remuneration payable		1,430	7,766
				Tax payables	8.1	1,712	245
<b>TOTAL ASSETS</b>		<b>2,053,737</b>	<b>1,902,882</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,053,737</b>	<b>1,902,882</b>

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of financial position as at 31 December 2017.

21

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENT OF PROFIT OR LOSS FOR 2017

(Thousands of Euros)

	Notes	2017	2016
<b>CONTINUING OPERATIONS:</b>			
<b>Revenue-</b>	9.1	69,831	62,657
Services		3,373	3,300
Dividend revenue		39,027	33,229
Finance revenue to Group companies and associates	10.1	27,431	26,128
<b>Staff costs-</b>	9.2	(6,016)	(8,812)
Wages, salaries and similar expenses		(5,841)	(8,645)
Employee benefit costs		(175)	(167)
<b>Other operating expenses-</b>		(2,381)	(2,302)
Outside services		(2,142)	(2,089)
Taxes other than income tax		(239)	(213)
<b>PROFIT FROM OPERATIONS</b>		<b>61,434</b>	<b>51,543</b>
<b>Finance income-</b>		<b>49</b>	<b>85</b>
From marketable securities and other financial instruments of third parties		49	85
<b>Finance costs-</b>		<b>(30,741)</b>	<b>(28,045)</b>
On debts to Group companies and associates	10.1	(19,209)	(16,859)
On debts to third parties		(11,532)	(11,186)
<b>Exchange differences</b>		<b>(5,828)</b>	<b>2,422</b>
<b>FINANCIAL LOSS</b>		<b>(36,520)</b>	<b>(25,538)</b>
<b>PROFIT BEFORE TAX</b>		<b>24,914</b>	<b>26,005</b>
Corporate income tax	8	6,145	732
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>31,059</b>	<b>26,737</b>
<b>DISCONTINUED OPERATIONS:</b>			
Profit for the year from discontinued operations net of tax		-	-
<b>PROFIT FOR THE YEAR</b>		<b>31,059</b>	<b>26,737</b>

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of profit or loss for 2017.

28

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR 2017 A) STATEMENT OF RECOGNISED INCOME AND EXPENSE (Thousands of Euros)

	2017	2016
PROFIT PER INCOME STATEMENT (I)	31,059	26,737
Income and expense recognised directly in equity:		
Arising from cash flow hedges	-	-
Tax effect	-	-
Total income and expense recognised directly in equity (II)	-	-
Transfers to profit or loss:		
Arising from cash flow hedges	-	-
Tax effect	-	-
Total transfers to profit or loss (III)	-	-
Total recognised income and expense (I+II+III)	31,059	26,737

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of recognised income and expense for 2017.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14).  
In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR 2017

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

(Thousands of Euros)

	Share capital	Share premium	Reserves	Treasury shares	Profit (Loss) for the year	Total
<b>BALANCE AT BEGINNING OF 2016</b>	<b>13,002</b>	<b>313,525</b>	<b>655,966</b>	<b>(7,883)</b>	<b>34,783</b>	<b>1,009,393</b>
Total recognised income and expense	-	-	-	-	26,737	26,737
Allocation of 2015 profit	-	-	17,881	-	(34,783)	(16,902)
Transactions with shareholders						
- Transactions with treasury shares	-	-	3,886	5,046	-	8,932
<b>2016 ENDING BALANCE</b>	<b>13,002</b>	<b>313,525</b>	<b>677,733</b>	<b>(2,837)</b>	<b>26,737</b>	<b>1,028,160</b>
Total recognised income and expense	-	-	-	-	31,059	31,059
Allocation of 2016 profit	-	-	9,835	-	(26,737)	(16,902)
Transactions with shareholders						
- Capital increase (Note 6.1)	1,300	135,866	(1,717)	-	-	135,449
- Transactions with treasury shares	-	-	2,405	1,651	-	4,056
<b>2017 ENDING BALANCE</b>	<b>14,302</b>	<b>449,391</b>	<b>688,256</b>	<b>(1,186)</b>	<b>31,059</b>	<b>1,181,822</b>

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of changes in total equity for 2017.

27

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.

## APPLUS SERVICES, S.A.

### STATEMENT OF CASH FLOWS FOR 2017 (Thousands of Euros)

	Notes	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I):</b>		<b>43,799</b>	<b>23,569</b>
Profit for the year before tax		24,914	26,005
Adjustments for-			
Dividend revenue	9.1 & 10.1	(39,027)	(33,229)
Finance income		(27,480)	(26,128)
Finance costs		30,741	28,045
Exchange differences		5,828	(2,422)
<b>Changes in working capital-</b>			
Trade and other receivables		1,694	4,234
Trade and other payables		78	(382)
Other current liabilities		7,920	7,991
<b>Other cash flows from operating activities-</b>			
Dividends received		44,309	36,278
Interest paid		(29,074)	(26,651)
Interest received		32,042	17,213
Corporate Income tax paid		(1,718)	(3,114)
Other receivables and payables		(6,428)	(4,271)
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II):</b>		<b>(197,233)</b>	<b>19,976</b>
<b>Proceeds from disposal-</b>			
Group companies and associates		83,433	38,163
<b>Payments due to investment-</b>			
Loans to Group companies and associates		(219,193)	(18,187)
Credits to Group companies and associates		(61,473)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III):</b>		<b>117,063</b>	<b>(19,058)</b>
<b>Receipts and payments for equity instruments</b>			
Equity shares	6	137,166	-
Payments for share issue costs		(2,234)	-
<b>Proceeds and payments relating to financial liability instruments-</b>			
Proceeds from issue of bank borrowings	7	16,253	-
Proceeds from issue of borrowings from Group companies and associates		47,161	58,845
Repayment of bank borrowings		-	(53,593)
Repayment and amortisation of borrowings with Group companies and associates		(60,003)	(7,408)
Other payments		(4,378)	-
<b>Dividend payments and remuneration of other equity instruments-</b>			
- Dividends		(16,902)	(16,902)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV):</b>		<b>3,248</b>	<b>1,975</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>(33,123)</b>	<b>26,462</b>
Cash and cash equivalents at beginning of year		35,800	9,338
Cash and cash equivalents at end of year		2,677	35,800

The accompanying Notes 1 to 14 and Appendix I are an integral part of the statement of cash flows for 2017.

18

*Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 14). In the event of a discrepancy, the Spanish-language version prevails.*

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

Notes to the financial statements  
for the year ended  
31 December 2017

### **1. Company activities**

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

In 2017 the Company changed its registered office from its former location in Bellaterra-Cerdanyola del Vallès (Barcelona), Campus de la UAB, Ronda de la Font del Carme, s/n to its current location in Madrid, calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes.

The Company purpose is as follows:

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

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

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

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

Since 9 May 2014 the shares of the Company have been listed on the stock exchange.

The detail of the companies directly and indirectly owned by the Company is shown in Appendix I.

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

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

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

The present financial statements for 2017 were formally prepared by the Company's Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

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

## **2.2. Fair presentation**

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2017. These financial statements, which were formulated by the Company's Directors, will be submitted for approval at the Annual General Meeting, and it is considered that they will be approved without any changes.

The financial statements for 2016 were approved at the Annual General Meeting held on 21 June 2017.

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

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

All obligatory accounting principles were applied.

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

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

- The assessment of possible impairment losses on certain assets (see Note 4.1).
- The fair value of certain financial instruments (see Note 4.1).
- The calculation of certain provisions (see Note 4.5).
- The recovery of deferred tax assets (see Note 8.5).
- Corporate income tax (see Note 8).

Although these estimates were made on the basis of the best information available at 2017 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

## **2.5. Comparative information**

The information relating to 2017 contained in these notes to the financial statements is presented, for comparison purposes, with information relating to 2016.

## **2.6. Grouping of items**

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

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

In 2017 there were no changes in accounting policies with respect to those applied in 2016.

## **2.8. Correction of errors**

In preparing the accompanying financial statements no errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2016.



### **3. Proposal of allocation of profit**

The proposed allocation of the Company's net profit, formulated by the Board of Directors and will be presented at the next Company's Annual General Meeting of the Shareholders, for 2017 is as follows:

	Thousands of Euros
<b>Basis of distribution:</b>	
Profit of the year	31,059
	<b>31,059</b>
<b>Allocation of the profit:</b>	
To dividends	18,592
To legal reserves	260
To unrestricted reserves	12,207
<b>Total</b>	<b>31,059</b>

The Company's Board of Directors will present a proposal at the next Shareholders Annual General Meeting, to distribute ordinary dividends allocated from the 2017 profit, amounting to EUR 18,592 thousand and corresponding to a gross dividend of EUR 0.13 per share.

### **4. Accounting policies**

The principal accounting policies used by the Company in preparing its financial statements for 2017 and 2016, in accordance with the Spanish National Chart of Accounts, were as follows:

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

##### *Financial assets*

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

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

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

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

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

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

The effect of consolidation under IFRS, in comparison with the separate financial statements, would be to increase revenue and profit by EUR 1,513,263 thousand and EUR 4,523 thousands, respectively and a reduction in assets and reserves by EUR 49,682 thousands and EUR 397,772 thousands, respectively.

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

#### Financial liabilities

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

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

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

At 31 December 2017 the Company does not hold any financial derivative products.

#### Impairment of financial assets

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

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

Each year management prepares and updates its business plan by geographical market and line of business. The main components of this plan are: operating income and expense projections, investment projections and working capital projections. The business plan prepared by management includes the budget for 2018 together with the projections for 2019-2022.

In order to calculate the recoverable amount of each asset the present value of its cash flows was determined by using the business plan prepared by Company management. As a general rule, indefinite useful life projections for a projected period of five years and a perpetuity rate of return from the sixth year onwards were used. An exception is made for the businesses with a finite useful life, in which the projected period is adjusted to the actual term of the agreement, and the probability of renewal is not taken into account. From the sixth year onwards it was considered that the cash flows generated by each asset grow at a rate equal to the growth of each industry in the geographical area in which it operates.

Therefore, the projections were prepared on the basis of past experience and of the best estimates available at the date on which the impairment tests were carried out using the market information available. The projections envisage growth in volume and improvements in the margins as a result of the organic growth which management expects for the coming years. Consequently, the possible acquisitions or mergers that might take place in the future were not taken into account in the projections and impairment tests.

As a general rule, for the assets for which the need to perform an impairment test was not detected, a sensitivity analysis was carried out on the main aggregates to verify that there are no indications of the need to perform such tests. This analysis consisted of measuring the impact of the increases expected in income and operating profit before depreciation, amortization and other results (hereinafter –EBITDA–) margins, increasing the discount rate up to one percentage point and reducing the perpetuity growth rate up to 0,8%. Applying these changes to the assumptions similarly does not disclose any need to recognise impairment losses on the financial assets.

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

Country/geographical area:	2017	2016
Spain	7.4%-8.1%	7.0%-7.7%
Rest of Europe	5.7%-7.0%	5.6%-6.2%
US and Canada	6.5%-7,6%	5.8%-6.3%
Latin America	11.1%	11.4%

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

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

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

#### **4.3. Corporate income tax**

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

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

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

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

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

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

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

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

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

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

#### **4.4. Revenue and expense recognition**

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

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

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

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

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

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

1. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources of economic benefits whose amount and/or timing are not known with certainty but can be reasonably reliably estimated.
2. Contingent liabilities: possible obligations that arise from past events and whose existence and associated loss are estimated to be unlikely.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4.9. Leases**

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

##### Finance leases

At 31 December 2017 or 2016, the Company did not have any finance leases.

#### Operating leases

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

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

The Company only holds certain items of transport equipment under operating leases, and the related expense incurred in 2017 amounted to EUR 26 thousand (2016: EUR 30 thousand).

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

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

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

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

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

- a) Annual variable remuneration to certain Group personnel subject to the achievement of certain financial targets in 2017.
- b) Annual variable remuneration plan granted to certain executives and employees of the Group consisting of the delivery of RSUs (convertible into Parent's shares). This remuneration plan is approved annually. At 2017 year-end three plans have been approved and ratified (see Note 10.3).
- c) "Long-term incentive" plan granted to the Executive Director and Senior Executives of the Group comprising the delivery of Performance Stock Units (PSUs), in the case of the Executive Director, and the delivery of Restricted Stock Units (RSUs) and PSUs in the case of Senior Executives. Both PSUs and RSUs are convertible into Parent's shares within three years of the grant date. The first conversion of these shares will be in February 2019 (see Note 10.3).
- d) Long-term special incentive plan, related to the Group Initial Public Offering (IPO) that consists of the delivery of RSUs (convertible into Parent's shares) to the Executive Director and certain Senior Executives based on a continuing service for a determined period of time. This plan has been completed with the last delivery made in May 2017 (see Note 10.3).

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

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

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

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

The changes in "Non-current investments in Group companies and associates" in the statement of financial position in 2017 and 2016 were as follows (in thousands of euros):

	31/12/17	31/12/16
Equity investments in Group companies, jointly controlled entities and associates (Appendix I)	1,330,583	1,111,168
Credits (loans) to Group companies (Note 10.2)	308,641	408,898
<b>Non-current investments in Group companies and associates (Note 10.2)</b>	<b>1,639,224</b>	<b>1,520,066</b>

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

The changes in 2017 and 2016 in "Equity investments in Group companies, jointly controlled entities and associates" were as follows (in thousands of euros):

#### 2017

Categories	01/01/17	Acquisitions	31/12/17
Equity investments in Group companies, jointly controlled entities and associates	1,111,168	219,415	1,330,583
<b>Total</b>	<b>1,111,168</b>	<b>219,415</b>	<b>1,330,583</b>

#### 2016

Categories	01/01/16	Acquisitions	31/12/16
Equity investments in Group companies, jointly controlled entities and associates	1,110,503	665	1,111,168
<b>Total</b>	<b>1,110,503</b>	<b>665</b>	<b>1,111,168</b>

The value of direct shareholdings at 31 December 2017 and 2016 are as follows (in thousands of euros):

Subsidiary	31/12/17	31/12/16
Applus Servicios Tecnológicos, S.L.U.	1,228,371	1,008,956
Azul Holding 2 S.à r.l.	102,212	102,212
<b>Total equity investments in group companies, joint ventures and associates</b>	<b>1,330,583</b>	<b>1,111,168</b>

In 2017 the Company made three shareholder contributions, which did not give rise to a capital increase, to the investee Applus Servicios Tecnológicos, S.L.U. for amounts of EUR 85 million, EUR 46 million and EUR 88 million.

The most significant information in relation to subsidiaries in which the Company had a direct ownership interest at 2017 year-end is as follows:

Name / Registered office	% of ownership	Thousands of euros					
		Share capital	Profit (Loss)		Other equity items	Total equity	Carrying amount
			From operations	Net			Gross Cost
Applus Servicios Tecnológicos, S.L.U.	100%	134,487	6,241	43,743	436,616	614,846	1,228,371
Azul Holding 2, S.à r.l.	100%	13	(32)	(44)	101,602	101,571	102,212
<b>TOTAL</b>		<b>134,500</b>	<b>6,209</b>	<b>43,699</b>	<b>538,218</b>	<b>716,417</b>	<b>1,330,583</b>

The subsidiaries and associates directly and indirectly owned by the Company are shown in Appendix I. None of the subsidiaries are listed on the stock market.

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

The detail of the balances of "Current Financial Assets" and "Current Investments in Group Companies and Associates" at 31 December 2017 and 2016 is as follows (in thousands of euros):

Categories	31/12/17	31/12/16
Credits (loans) and receivables from Group companies	339,891	263,709
Short-term interest receivable from Group companies	25,581	30,802
Account receivable relating to dividends	108	5,390
<b>Total current investments in Group companies and associates (Note 10.2)</b>	<b>365,580</b>	<b>299,901</b>

## 5.3. Cash and cash equivalents

"Cash and Cash Equivalents" includes all cash recognised in current accounts, which amounted to EUR 822 thousand. The total balance on 31 December 2016 was EUR 2,172 thousand.

"Cash and Cash Equivalents" also includes balances receivable recognised as a result of a banking product arranged in 2015, the "Single Entity Cash Pooling Agreement", which allows the Company to obtain liquidity in eight different currencies and which amounted to EUR 1,855 thousand at 31 December 2017 (31 December 2016: EUR 4,557 thousand).

Also, in 2016 the Company held credit facilities with a balance of EUR 29,071 thousand due to the Company. At the end of 2017 these credit facilities had a balance of EUR 16,253 thousand due by the Company (Note 7).

At 31 December 2017 and 2016, no amount recognised under "Cash and Cash Equivalents" had been pledged.

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

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



a) Credit risk:

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

The accounts receivable at 31 December 2017 and 2016 relate mainly to balances with Group companies for the provision of services by the Company.

The Company Directors consider that there was no significant credit risk at 31 December 2017 and 2016.

b) Liquidity risk:

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

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

c) Market risk:

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

In 2017 the Company's Directors decided not to arrange interest rate hedges, although this is considered to be a significant risk that Company management should monitor closely on a continuous basis.

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

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

c.1) Interest rate risk:

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

	2017	2016
Average interest rate	1.94%	1.82%
Average financial debt drawn (thousands of euros)	466,809	479,490

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

Change in interest rate + 0.50%	2017	2016
Change in borrowing costs (thousands of euros)	2,334	2,397

c.2) Foreign currency risk:

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

	Thousands of Euros	
	2017	2016
Financial debt subject to foreign currency risk	22,699	23,879
Average financial debt drawn subject to foreign currency risk	22,918	24,535

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

	2017		2016	
Change in exchange rate	0.50%	(0.50%)	0.50%	(0.50%)
Change in borrowing costs (thousands of euros)	115	(115)	123	(123)

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

### **6.1. Share capital**

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

On 28 September 2017, the Company's capital was increased by EUR 1,300 thousand through the creation of 13,001,675 new shares of EUR 0.10 par value each and with a share premium of EUR 135,866 thousand at EUR 10.45 per share. The capital increase was carried out by means of monetary contributions for the full amount which totaled EUR 137,166 thousand.

Therefore, at 31 December 2017, the Parent's share capital is represented by 143,018,430 fully subscribed and paid-up common shares of EUR 0.10 par value each.

The expenses incurred in relation to the capital increase carried out in 2017 amounted to EUR 1,717 thousand net of the tax effect, and were recognised with a charge to reserves.

Per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the following shareholders owned significant direct and indirect interests in the Company's share capital (more than 3% of share capital) at 31 December 2017:

	% share
Southeastern Concentrated Value Limited.	14.48%
Threadneedle Asset Management Limited	8.20%
Norges Bank	4.53%
Harris Associates Investment Trust	4.61%
River Mercantile Group P.L.C.	3.06%

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

### **6.2. Reserves and Share premium**

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

At the end of 2017 the balance of this reserve amount to EUR 2,600 thousand and it had not reached the legally required minimum (EUR 2,600 thousand at the end of 2016).

At 31 December 2017, the share premium reserves amounted to EUR 449,391 thousand (EUR 313,525 thousand at 31 December 2016) and it is fully available.

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

### 6.3. Treasury shares

At 31 December 2017, the Company holds 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 statement of financial position as at 31 December 2017 (see Note 4.12).

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

In March and May 2017 the Company delivered to the Executive Director, Senior Executives and certain executives of the Group a total of 577,706 shares (516,749 shares in 2016), in all cases in accordance with the schedule approved in the economic incentive plan arising from the IPO and in the new incentive plan granted in 2016 (see Note 10.3).

## 7. Non-current and current payables

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

	31/12/17	31/12/16
Bank borrowings	461,061	460,785
<b>Total non-current payables</b>	<b>461,061</b>	<b>460,785</b>
Credit facilities and other financial liabilities	16,253	2
Other interest	207	835
<b>Total current payables</b>	<b>16,460</b>	<b>837</b>
<b>Total bank borrowings</b>	<b>477,521</b>	<b>461,622</b>

Bank borrowings include the syndicated loan that bears interest at Euribor for tranches in Euros and Libor for tranches in foreign currencies plus a margin depending on the level of debt, which currently stands at 1.65% percentage points.

All tranches have a single maturity on 26 June 2020.

The financial structure of the syndicated loan in 2017 y 2016 is as follows:

## 2017

Tranche	Thousands of Euros			Maturity
	Limit	Drawn + capitalized	Drawn by the Group	
Facility A1	478,903	441,866	478,903	26/06/2020
Facility A2	84,668	-	84,668	26/06/2020
Facility A3	24,458	24,458	24,458	26/06/2020
Facility B	150,000	-	-	26/06/2020
Effect of exchange rate changes	-	(1,759)	13,182	
Accrued interest	-	207	250	
Debt arrangement expenses	-	(3,504)	(4,968)	
<b>Total</b>	<b>738,029</b>	<b>461,268</b>	<b>596,493</b>	

## 2016

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

EUR 442 million has been drawn down from the Facility A1 tranche, and GBP 24 million has been drawn down from the Facility A3 tranche (approximately, EUR 22 million).

The syndicated loan agreement establishes the achievement of a financial ratio - consolidated net financial debt/consolidated EBITDA - that must not exceed the values set for each first half throughout the term of the loan and detailed below:

- Up to 4.5 times until 30 June 2017 (inclusive)
- Up to 4 times from 31 December 2017 (inclusive) until the maturity of the syndicated loan.

Therefore, on 31 December 2017, the financial leverage ratio must be lower than 4.0. The actual ratio based on the consolidated financial statements at 31 December 2017 is 2.4.

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

The Company also has certain obligations under the financing agreement which relate mainly to disclosure requirements concerning its financial statements and negative undertakings to not to perform certain transactions without the lender's consent, such as certain mergers or changes of business activity (Note 12.2).

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

The interest rates on "Credit facilities and other financial liabilities" are tied to Euribor and Libor, plus a margin.

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

**2017**

	2018	2019	2020	Total
Bank borrowings	16,253	-	461,061	477,314
Short-term interest	207	-	-	207
<b>Total</b>	<b>16,460</b>	<b>-</b>	<b>461,061</b>	<b>477,521</b>

**2016**

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

## **8. Tax**

### **8.1. Tax assets and tax liabilities**

The detail of the current and non-current tax assets and tax liabilities at the end of 2017 and 2016 is as follows (in thousands of euros):

**2017**

	Tax assets	Tax liabilities
<b>Non-current balances (Note 8.5):</b>		
Deferred tax assets	3,848	-
Tax credits for tax loss carryforwards	28,003	-
Withholding taxes and other tax credits	4,380	-
<b>Total non-current balances</b>	<b>36,231</b>	<b>-</b>
<b>Current balances:</b>		
Accrued social security taxes payable	-	11
VAT payable	-	1,600
Personal income tax withholdings payable	-	101
Income tax withholdings receivables	8,674	-
<b>Total current balances</b>	<b>8,674</b>	<b>1,712</b>

2016

	Tax assets	Tax liabilities
<b>Non-current balances (Note 8.5):</b>		
Deferred tax assets	7,691	-
Tax credits for tax loss carry forwards	29,169	-
Withholding taxes and other tax credits	1,329	-
<b>Total non-current balances</b>	<b>38,189</b>	<b>-</b>
<b>Current balances:</b>		
Accrued social security taxes payable	-	10
VAT payable	-	135
Personal income tax withholdings payable	-	100
Income tax withholdings receivables	7,677	-
<b>Total current balances</b>	<b>7,677</b>	<b>245</b>

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

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

	2017	2016
<b>Accounting profit before tax</b>	<b>24,914</b>	<b>26,005</b>
Permanent differences	(38,186)	(31,865)
Temporary differences	(18,182)	(21,808)
<b>Tax loss</b>	<b>(31,454)</b>	<b>(27,668)</b>
Tax profits from subsidiaries	66,754	63,307
Tax losses from subsidiaries	(6,010)	(4,457)
<b>Tax base before tax consolidation adjustments</b>	<b>29,290</b>	<b>31,182</b>
Offset of tax losses	(7,322)	(7,795)
<b>Taxable profit</b>	<b>21,968</b>	<b>23,387</b>
<b>Tax charge</b>	<b>5,492</b>	<b>5,847</b>
Offset of tax credits	(4,211)	(5,055)
Tax withholdings and prepayments	(6,181)	(4,571)
<b>Corporate Income tax refundable (-) / payable(+)</b>	<b>(4,900)</b>	<b>(3,779)</b>

The permanent differences relate mainly to the application of transitory rule 23 of the Spanish Income Tax Law (inspired by the former Article 30.6 of the Consolidated Spanish Income Tax Law), permitting the non-inclusion in the tax base of dividends received from Spanish subsidiaries (and, therefore, their consideration as a reduction of the tax base of the ownership interest) and the claim for a double taxation tax credit, provided that there is evidence that the seller has effectively been taxed on an amount equal to the dividend received. Pursuant to this rule, a portion of the dividend, EUR 27,895 thousand, paid by the subsidiary Applus Servicios Tecnológicos, S.L.U., totalling EUR 39,027 thousand (see Note 10.1), was adjusted downwards. In addition, permanent differences also included the remaining amount of the dividend of EUR 11,132 thousand, and other non-deductible expenses, amounting to EUR 841 thousand. It should also be noted that the Company has opted to apply the tax regime for foreign-securities holding companies (ETVEs) envisaged in Articles 107 et seq. of the Spanish Income Tax Law.

The temporary differences relate mainly to the amount of prior years' deductible borrowing costs amounting to EUR 11,180 thousand recognised in 2017 pursuant to Article 16 of the Spanish Income Tax Law, and to the reversal of provisions considered non-deductible for tax purposes, amounting to EUR 4,713 thousand, and to capital increase expenses amounting to EUR 2,241 thousand.

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

The reconciliation of the accounting profit to the corporate income tax expense (benefit) for 2017 and 2016 is as follows (in thousands of euros):

	2017	2016
<b>Accounting profit before tax</b>	<b>24,914</b>	<b>26,005</b>
Permanent differences	(38,186)	(31,865)
<b>Taxable accounting loss</b>	<b>(13,272)</b>	<b>(5,860)</b>
<b>Tax charge</b>	<b>(3,318)</b>	<b>(1,465)</b>
Adjustments and recognitions/derecognition of tax credits and others	39	734
Deduction of unrecognised tax assets	(2,866)	(1)
<b>Total corporate income tax expense (benefit) recognised in profit or loss</b>	<b>(6,145)</b>	<b>(732)</b>

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

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

	Thousands of Euros	
	2017	2016
<b>Current tax:</b>		
Continuing operations	(4,187)	6,842
Discontinued operations	-	-
<b>Deferred tax:</b>		
Continuing operations	(1,958)	(7,574)
Discontinued operations	-	-
<b>Total tax expense (benefit)</b>	<b>(6,145)</b>	<b>(732)</b>

### 8.5. Deferred tax assets recognised

Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent social measures, was published in the Spanish Official State Gazette on 3 December 2016.

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

At 31 December 2017 and 2016, the prior year's tax loss carryforwards of the company recognised in the accompanying statement of financial position were as follows:

## 2017

	Thousands of Euros	
	Tax loss carryforwards	Tax asset recognised
2009	26,067	6,516
2010	51,715	12,929
2011	34,230	8,558
<b>Total</b>	<b>112,012</b>	<b>28,003</b>

## 2016

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

Additionally, "Deferred Tax Assets" of the accompanying statement of financial position as at 31 December 2017 includes the deferred tax assets amounting to EUR 3,631 thousand (31 December 2016: EUR 6,297 thousand) relating to finance costs that were not tax-deductible, according to applicable tax policies. This heading also includes other positive temporary differences amounting to EUR 217 thousand in 2017 and EUR 1,394 thousand in 2016.

Finally, "Deferred Tax Assets" includes EUR 4,380 thousand corresponding to the recognition of withholding taxes for domestic double taxation (EUR 1,329 thousand in 2016).

At the end of each year the Company's Directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered in 10 years maximum.

The factors taken into consideration by the Company's Directors to recognise as a deferred tax asset, including tax credit for tax loss carryforwards, withholding taxes and tax credits for temporary differences at 31 December 2017, which support their future recoverability, are as follows:

- The Budget for 2018 and the Group's business plan for 2019-2022 envisages profit for 2018 and subsequent years, sufficient in order to offset all the tax losses recognised (already considering the implications of the new Spanish tax regulation in Spain described before).
- In 2017 and 2016 the consolidated tax group in Spain obtained taxable income of EUR 29,290 and EUR 29,246 thousand which enabled it to use unrecognised tax losses from prior years amounting to EUR 2,306 and EUR 2,004 thousand, respectively.
- A mandate was issued by the Board Directors to Company's Executives to execute all of the initiatives envisaged in the business plan and it is considered highly probable that it will be met in light of the experience of prior years.



### 8.6. Deferred tax assets not recognised

The detail of the tax losses not recognised in the accompanying statement of financial position as at 31 December 2017 and 2016 is as follows (in thousands of euros):

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

The detail of the withholding taxes and other tax credits not recognised in the accompanying statement of financial positions at 31 December 2017 and 2016 is as follows (in thousands of euros):

Year	Description	31/12/17	31/12/16
2013	Domestic double taxation tax credit	21,656	25,647
2014	Domestic double taxation tax credit	4,313	4,313
2015	Domestic double taxation tax credit	4,227	4,227
2016	Domestic double taxation tax credit	3,996	2,893
2017	Domestic double taxation tax credit	5,021	-
	<b>Total</b>	<b>39,213</b>	<b>37,080</b>

Additionally, the detail of the tax credits generated by Idiada Automotive Technology S.A. whose could be compensated by the Company is as follows (in thousands of euros):

Year	Description	31/12/17	31/12/16
2009	Specific activities taxation tax credit	868	978
2010	Specific activities taxation tax credit	1,033	1,024
2011	Specific activities taxation tax credit	1,118	1,118
2012	Specific activities taxation tax credit	1,600	1,616
2013	Specific activities taxation tax credit	1,161	1,151
2014	Specific activities taxation tax credit	1,477	1,401
2015	Specific activities taxation tax credit	1,138	1,239
2016	Specific activities taxation tax credit	1,153	-
	<b>Total</b>	<b>9,548</b>	<b>8,527</b>

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

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 2017 year-end the Company has 2012 and subsequent years open for review by the tax authorities for all the applicable taxes.

The Company's Directors, in agreement with their tax advisers, consider that the tax returns have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

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

## 9. Income and expenses

### 9.1. Revenue

The Company's revenue for 2017 and 2016 relates in full to transactions carried out with Group companies (see Note 10.1.).

The detail of the revenue for 2017 and 2016 is as follows (in thousands of euros):

	2017	2016
Dividend revenue	39,027	33,229
Finance revenue	27,431	26,128
Management fee revenue	3,373	3,300
<b>Total</b>	<b>69,831</b>	<b>62,657</b>

### 9.2. Staff costs

The detail of "Staff Costs" in the statement of profit or loss for 2017 and 2016 is as follows (in thousands of euros):

	2017	2016
Wages and salaries	5,841	8,645
Employer social security costs	107	104
Other employee benefit costs	68	63
<b>Total</b>	<b>6,016</b>	<b>8,812</b>

The average number of employees in 2017 and 2016, by category and gender, was as follows:

#### 2017

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

2016

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

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

2017

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

2016

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

In 2017 and 2016, Applus Services, S.A. have not employees with a disability equal to or greater than 33%.

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

### 10.1. Transactions with Group and related companies

The detail of the transactions with Group and related companies in 2017 and 2016 is as follows:

**2017**

	Thousands of Euros			
	Dividend revenue	Finance Income	Finance Cost	Services rendered
Applus Servicios Tecnológicos, S.L.U.	39,027	4,033	923	3,373
Azul Holding 2, S.à r.l.	-	7	-	-
Applus Iteuve Technology, S.L.U.	-	10,122	4,619	-
Arctosa Holding, B.V.	-	3,647	31	-
Röntgen Technische Dienst Holding, B.V.	-	2,287	5,183	-
Libertytown USA Finco, Inc.	-	1,924	-	-
Ringal Invest, S.L.U.	-	1,091	-	-
Libertytown Australia, PTY, Ltd.	-	780	-	-
SAST International, Ltd.	-	387	-	-
Velosi Europe, Ltd.	-	527	348	-
Velosi Industries Sdn Bhd.	-	398	-	-
Libertytown Applus Rtd Germany, Gmbh.	-	408	-	-
Applus RTD Pty, Ltd.	-	302	-	-
Röntgen Technische Dienst, B.V.	-	274	643	-
Applus RTD Norway, As.	-	192	-	-
LGAI Technological Center, S.A.	-	74	1,678	-
Applus Norcontrol, S.L.U.	-	-	2,659	-
Applus Car Testing Services, Ltd.	-	-	1,024	-
Applus Iteuve Euskadi, S.A.U.	-	-	555	-
Novotec Consultores, S.A.U.	-	-	289	-
RTD Holding Deutschland, Gmbh.	-	-	188	-
Applus Technologies, Inc.	-	-	179	-
John Davidson & Associates Pty, Ltd.	-	232	-	-
Applus Energy, S.L.	-	121	-	-
Velosi Certification Services L.L.C.	-	110	233	-
Other	-	515	657	-
<b>Total</b>	<b>39,027</b>	<b>27,431</b>	<b>19,209</b>	<b>3,373</b>

2016

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

On 29 June 2017, the subsidiary Applus Servicios Tecnológicos, S.L.U. approved the distribution of a dividend amounting to EUR 6,027 thousand out of profit for 2016. Subsequently, on 19 December 2017 this subsidiary approved the distribution of an interim dividend amounting to EUR 33,000 thousand out of profit for 2017.

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

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

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

Additionally, the Company holds loans and cash pooling agreements with Group companies which generate finance income and expenses. The amount of these agreements was set based on a professional valuer's report at market rates.

## 10.2. Balances with Group and related companies

The detail of the balances with related companies reflected in the statement of financial position as at 31 December 2017 and 2016 is as follows:

**2017**

	Thousands of Euros					
	Long-term credits (Note 5.1)	Short-term credits (Note 5.2)	Other financial assets (Note 5.2)	Long-term loans	Short-term loans	Trade receivables
Arctosa Holding, B.V.	188,059	1,858	-	-	1	-
Applus Iteuve Technology, S.L.U.	41,518	117,947	-	-	110,455	-
Röntgen Technische Dienst Holding, B.V.	23,995	9,777	-	-	48,663	-
Libertytown Usa Finco, Inc.	41,346	559	-	-	-	-
Libertytown Australia Pty, Ltd.	8,829	4,625	-	-	-	-
IDIADA Automotive Technology, S.A.	3,500	4,895	-	-	2,391	-
LGAI Technological Center, S.A.	1,394	1,062	-	24,724	16,022	-
Novotec Consultores, S.A.U.	-	690	-	-	5,069	-
Applus Norcontrol, S.L.U.	-	193	-	-	58,918	-
Applus Servicios Tecnológicos, S.L.U.	-	104,179	-	-	20,162	1,090
Ringal Invest, S.L.	-	26,287	-	-	240	-
Sast International Ltd.	-	8,662	-	-	-	-
Velosi Industries Sdn Bhd.	-	13,888	-	-	-	-
Velosi Europe Ltd.	-	13,011	-	-	9,129	4
Libertytown Applus Rtd Germany, Gmbh.	-	11,487	-	-	-	142
Applus RTD Pty Ltd.	-	4,845	-	-	-	1
Röntgen Technische Dienst, B.V.	-	6,232	-	-	17,104	35
Applus Energy, S.L.	-	3,299	-	-	20	-
Applus RTD Norway, As.	-	4,476	-	-	-	-
John Davidson & Ass. Pty Ltd.	-	5,608	-	-	-	-
Norcontrol Guatemala, S.A.	-	2,354	-	-	-	5
Applus RTD Canada, Lp.	-	1,639	-	-	7,864	-
Azul Holding 2, S.à r.l.	-	308	108	-	-	-
K1 Kasastajat, OY	-	-	-	-	3,354	-
RTD Holding Deutschland, Gmbh.	-	-	-	-	4,777	-
K1 Total, Oy	-	-	-	-	957	-
Applus Car Testing Service, Ltd.	-	-	-	9,931	13,176	5
Applus Iteuve Euskadi, S.A.U.	-	-	-	-	14,345	-
Applus Technologies, Inc.	-	-	-	-	4,272	-
Applus Norcontrol Panamá, S.A.	-	-	-	-	1,111	3
Applus RTD UK, Ltd	-	-	-	-	1,898	-
Applus Velosi Canada Ltd.	-	1,383	-	-	2,312	-
Norcontrol Inspección, S.A. (México)	-	-	-	1,024	248	-
Autoservices Online, S.L.	-	-	-	-	402	-
Velosi Certification Services LLC	-	3,211	-	-	4,711	32
PT Java Velosi Mandiri	-	3,210	-	-	-	-
K2 Specialist Services PTE Ltd.	-	1,209	-	-	3,360	-
Applus RTD PTE, Ltd. (Singapore)	-	-	-	-	2,048	2
Applus RTD Deutschland inspektions-Gesellschaft, Gmbh	-	3,120	-	-	-	-
Velosi Saudi Arabia Co Ltd.	-	2,239	-	-	-	-
Euskadi Holding, S.L.	-	1,579	-	-	1	-
Other	-	1,640	-	-	1,780	32
<b>Total</b>	<b>308,641</b>	<b>365,472</b>	<b>108</b>	<b>35,679</b>	<b>354,790</b>	<b>1,351</b>

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

"Short-term credits from Group companies" and "Short-term loans to Group companies" include accounts receivable and accounts payable to various Group companies arising from the Company's inclusion as the head of the consolidated tax group, accounts receivable amounting at 31 December 2017 to EUR 14,311 thousand and accounts payable amounting to 3,911 EUR thousand (2016: accounts receivable EUR 13,283 thousand and accounts payable EUR 2,583 thousand and, included in Long-term credits from Group companies" and "Long-term loans to Group companies") (see Note 4.3).

In addition, under "Current Receivables" and "Current Payables", amounts of EUR 146,370 thousand and EUR 337,200 thousand are recognised, respectively, in relation to the cash-pooling agreement maintained with the other Group companies (EUR 116,754 and EUR 298,357 thousand in 2016).

"Long-term credits to Group companies" includes loans with related parties, which have a maturity between 2019 and 2020.

Also, under "Other financial assets" are recognised the dividends receivable at the end of 2017 and 2016 (see Note 5.2).

The amount of these agreements was set based on a professional valuer's report at market rates.

### 10.3. Disclosures on Directors and Senior Executive

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

The detail of the remuneration (social benefits included) earned by the Executive Director and the Company's directors at 2017 and 2016 year-end is as follows:

a) Annual remuneration:

	Thousands of Euros					
	31/12/17			31/12/16		
	Executive Director	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	650	-	650	650	-	650
Variable remuneration	325	-	325	325	-	325
Other items	40	-	40	41	-	41
Non-executive Chairman and Independent Directors	-	560	560	-	483	483
Corporate Social Security Committee	-	50	50	-	50	50
Appointments & Compensation Committee	-	70	70	-	56	56
Audit Committee	-	70	70	-	59	59
<b>Total</b>	<b>1,015</b>	<b>750</b>	<b>1,765</b>	<b>1,016</b>	<b>648</b>	<b>1,664</b>

In 2017 and 2016 the Executive Director and the members of the Board of Directors did not earn or receive any termination benefits or pension plan contributions.

b) Long-term Incentive Plan ("LTI"):

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

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



<b>Executive Director</b>	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	<b>Total</b>
Long-term incentive (PSUs):						
Number of PSUs delivered	44,931	36,449				<b>81,380</b>
PSU delivery date	July 16	February 17				
Share value on PSU delivery date (euros)	8.68	10.70				
Date of conversion into shares				February 19	February 20	
Number of PSUs convertible into shares				44,931	36,449	<b>81,380</b>

<b>Impact on profit or loss</b>	2016	2017	2018	2019	<b>Total</b>
Vesting period (months)	12 months	12 months	12 months	12 months	
Impact on profit or loss (thousands of euros)	130	260	260	130	<b>780</b>

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

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

The impact on the statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on IPO), i.e. EUR 14.5 per share. Therefore the annual cost in 2017 amounted to EUR 1,899 thousand (EUR 5,698 thousand in 2016). Any difference between the fair value and the purchase value of the shares is recognised in equity.

In accordance with the vesting schedule, on 9 May 2016 the executive director received 221,804 shares. This amount of 221,804 shares is the result of applying the withholding tax corresponding to the gross amount agreed upon of 392,990 RSUs convertible into shares.

At 31 December 2017, no loans or advances had been granted to the members of the Company's Board of Directors.

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

Lastly, Applus Services, S.A. took out a third-party liability insurance policy. The insureds under this policy are the directors and executives of the Group companies the Parent of which is Applus Services, S.A. The directors of Applus Services, S.A. are included among the insureds of this policy. The premium paid in 2017 for this insurance policy amounted to EUR 46 thousand (2016: EUR 46 thousand).

The Company's Board of Directors at 31 December 2017 is made up of 8 men and 1 woman (8 men and 1 woman at 31 December 2016).

### Remuneration of and obligations to Senior Executives

At 1<sup>st</sup> January 2017, the Group has modified its organizational structure and has changed the definition of Senior Executives, as a consequence. Senior Executive is defined as the group of executives who were members of the Executive Committee in 2017, as defined in current accounting legislation.

The breakdown of the remuneration earned in 2017 and 2016 by the Company's Senior Executives is as follows:

a) Annual remuneration:

	Thousands of Euros	
	2017	2016
Fixed remuneration	630	502
Variable remuneration	226	168
Other items	80	76
Pension plans	17	13
<b>Total</b>	<b>953</b>	<b>759</b>

In 2017 and 2016 the Company's Senior Executives did not earn or receive any termination benefits.

In addition to the variable remuneration of EUR 226 thousand, Senior Executives are the beneficiary of a variable remuneration plan comprising the annual delivery of a fixed number of RSUs. The plan is approved annually by the Appointments and Compensation Committee and ratified by the Board of Directors. At 2017 year-end three plans had been approved and ratified, as follows:

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

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

On 22 February 2017, the additional delivery to Senior Executives of 21 thousand RSUs was approved and ratified. The related shares will be delivered in March 2018 (30%), 2019 (30%) and 2020 (40%). The aforementioned plan was awarded to management personnel in accordance with the new organizational structure.

Senior Executives	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	Total
Long-term incentive (RSUs)							
Number of RSUs delivered (*)	14,849	25,158	21,111				<b>61,118</b>
RSU delivery date	March 15	March 16	March 17				
Share value at RSU delivery date (euros)	10.18	7.13	10.70				
Date of conversion into shares		March 16	March 17	March 18	March 19		
Gross number of RSUs convertible into shares		4,455	12,002	19,820	16,397	8,444	<b>61,118</b>
Number of RSUs delivered (net of withholding tax) or cash equivalent (*)		2,958	11,248				<b>14,206</b>

(\*) To Senior Executives, as defined in every moment.

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)	38	90	206	177	103	15	<b>629</b>

Based on the vesting schedule, Company Senior Executives received 11,248 shares in March 2017 (2,958 shares in March 2016). These 11,248 shares are the result of applying the withholding tax corresponding to the amount agreed with each executive.

b) Multiannual remuneration and Long-Term Incentive:

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

Senior Executives	31/12/16	31/12/17	31/12/18	31/12/19	31/12/19	Total
RSUs + PSUs-settled long-term incentive						
Number of RSUs + PSUs delivered	24,962	20,253				45,215
RSU + PSU delivery date	October 16	February 17				
Share value at RSU + PSU delivery date (euros)	8.68	10.70				
Date of conversion into shares				February 19	February 20	
Number of PSUs convertible into shares				24,962	20,253	45,215

Impact on profit or loss	2016	2017	2018	2019	2020	Total
Vesting period (months)	12 months	12 months	12 months	12 months	2 months	
Impact on profit or loss (thousands of euros)	72	144	217	144	72	649

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

Two Senior Executives of the Company were beneficiaries of the Economic Incentive Plan remuneration system until 2017. This remuneration system consisted of (i) the Cash-Settled Economic Incentive, paid in 2014; and (ii) the RSU-settled Economic Incentive, which consisted of the delivery free of charge of a certain number of RSUs. This plan was completed once the last delivery of shares in May 2017.

The impact on the statement of profit or loss relates to the gross number of RSUs multiplied by the value of the share when the plan was arranged (on IPO), i.e. EUR 14.5 per share. The annual cost in 2017 amounted to EUR 721 thousand (EUR 2,162 thousand in 2016).

In accordance with the vesting schedule, on 9 May 2017 the Company's Senior Executives received 96,597 shares under the terms of the Incentive Plan (85,555 shares in 2016). This amount of 96,597 shares is the result of applying to each executive the withholding tax corresponding to the gross amount agreed upon in the Incentive Plan of 149,111 RSUs convertible into shares on 9 May 2017.

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

At 31 December 2017 and 2016 the Company's Senior Executives, were 2 men.

**10.4. Information relating to conflict of interest on the part of the Directors**

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

## **11. Foreign currency balances and transactions**

At 31 December 2017, the Company had granted loans to Group companies in currencies other than the euro amounting to EUR 151,404 thousand (31 December 2016: EUR 155,519 thousand), and had received foreign currency loans amounting to EUR 129,659 thousand (31 December 2016: EUR 72,470 thousand).

As a result of these balances, the Company's statement of profit or loss includes finance income in currencies other than the euro amounting to EUR 6,410 thousand at 31 December 2017 (31 December 2016: EUR 5,595 thousand) and finance costs in currencies other than the euro amounting to EUR 3,330 thousand (31 December 2016: EUR 2,020 thousand).

The loans granted to the Company relate mainly to loans with Group companies (see Note 10.2) arranged basically, in pounds sterling and US dollars.

## **12. Other disclosures**

### ***12.1. Fees paid to auditors***

In 2017 and 2016, the fees billed for financial audit and other services provided by the auditor of the Company, Deloitte, S.L., and companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows (in thousands of euros):

	Services provided by the auditor and by related firms	
	2017	2016
Audit services	218	149
Other attest services	83	93
<b>Total audit and related services</b>	<b>301</b>	<b>242</b>
Tax counselling services	-	-
Other services	-	-
<b>Total professional services</b>	<b>301</b>	<b>242</b>

### ***12.2. Obligations and other guarantees***

The Company had contracted certain obligations and guarantees derived from the financing agreement described in Note 7. These obligations include reporting obligations relating to the Group's financial statements and business plans; the obligation to take certain measures such as guaranteeing accounting closes, refrain from performing certain transactions without the consent of the lender, such as mergers, changes of business activity, share redemptions, and the financial obligation to achieve certain financial ratios, among others.

At 31 December 2017 and 2016, the Company's shares had not been pledged.

At 31 December 2017 and 2016, no banks had provided the Company with guarantees to third parties.

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

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

	2017	2016
	Days	
Average payment period to suppliers	38	49
Ratio of transactions settled	40	53
Ratio of transactions not yet settled	7	4
	Amount (thousands of euros)	
Total payments made	3,823	2,258
Total payments outstanding	182	199

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

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

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

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 30 days. This period may be extended by agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2016).

However, most of this pending payment at year end has been paid during the first two months of the year 2018.

### 12.4. Amendment or extinguishment of agreements

In 2017 no transactions outside the course of the Company's ordinary business operations arose which required the amendment or early extinguishment of any agreement between the Company and any of its directors or persons acting on their behalf.

### 13. Events after the reporting period

In 2018 and until the date of authorization for issue of these financial statements, no relevant events took place which must be included in the notes to the financial statements or that significantly change or have a material effect on these financial statements for 2017.

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

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

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

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

### **Directors' Report for the year ended 31 December 2017**

Formally prepared by the directors of Applus Services, S.A. in relation to the year ended 31 December 2017.

Dear Shareholders:

We are pleased to submit to you this report on the Company's performance in 2017 and on its progress up to the present date.

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

Revenue for the year has increased compared to 2016 mainly due to more dividends from Group companies received.

On the other hand, in May 2017 the remuneration related to the IPO called 'Economic Incentive Plan in RSUs' was concluded, significantly reducing personnel expenses, while in 2016 the plan's accrued expense was 12 months.

The company's financial result has been impacted by the negative effect of the exchange rate, mainly with the US dollar and to a lesser extent with the pound sterling

The Board will propose to shareholders at the Annual General Meeting a dividend of 13 cents per share (2016: 13 cents), in line with the previous year. This is equivalent to €18.6 million (2016: €16.9m).

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

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

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

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

#### ***Environment***

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

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

The Company did not perform any research and development activities in 2017.

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

At 31 December 2017, the Company holds a total of 112,744 treasury shares at an average cost of EUR 10.52 per share. The value of these treasury shares amounts to EUR 1,186 thousand.

At 31 December 2016, the Company held a total of 290,450 treasury shares at an average cost of EUR 9.77 per share. The value of these treasury shares amounted to EUR 2,837 thousand.

In March and May 2017 the Company 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.

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

The Group policy establishes the use of financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets if needed. The Company do not hold any derivative financial instruments at the end of 2017.

### ***Significant events after the reporting period***

No events have occurred since 31 December 2017 other than those described in the notes to the accompanying consolidated financial statements.

### ***Disclosures on the payment periods to suppliers***

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

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

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

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December, on combating late payment in commercial transactions, is 30 days. This period may be extended by agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2016).

### **Annual Corporate Governance Report**

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



## **Annual Corporate Social Responsibility Report**

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

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

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

## Applus Services, S.A.

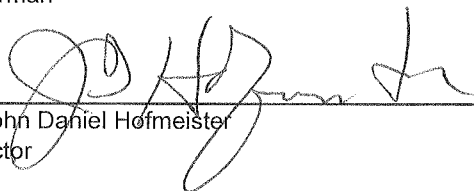
### Preparation of the Financial Statement and Management report for the year ended 2017

In accordance with the provisions of article 253 of the Spanish Companies Act and article 34 of the Spanish Code of Commerce, the Board of Directors of Applus Services, S.A., in its meeting 21 February 2018, has drawn up the financial statements (comprising the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the explanatory notes) and the management report for year 2017, which are included in the documents preceding this signature page and their annexes, all of them correlatively ordered. All the Directors have signed on this page the documents as mentioned above, except for Mr Richard Campbell Nelson who has not signed as he was not physically present at the Board Meeting in which the accounts have been approved. Nevertheless, Mr Nelson was present at the Board Meeting via videoconference and voted in favour of the approval of the accounts.

Madrid, 21 February 2018



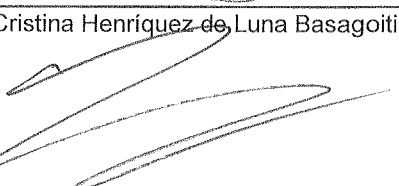
D. Christopher Cole  
Chairman



D. John Daniel Hofmeister  
Director



D. Richard Campbell Nelson  
Director



Dª. Maria Cristina Henríquez de Luna Basagoiti  
Director



D. Scott Cobb  
Director



D. Ernesto Gerardo Mata López  
Director



D. Fernando Basabe Armijo  
Director



D. Nicolás Villén Jiménez  
Director



D. Claudi Santiago Ponsa  
Director

For identification purposes, all the pages of the financial statements and the management report for the year ended on 31 December 2017, as approved by the Board of Directors, are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.

Appendix I - Companies included in the scope of consolidation

Name	Applus Servicios Tecnológicos, S.L.U	Azul Holding 2, S.à.r.l.	Applus Iteuve Argentina, S.A.	Applus Santa María del Buen Ayre, S.A.	Applus Uruguay, S.A.	Revisiones Técnicas Applus del Ecuador Applusiteuve, S.A.	Applus Technologies, Inc.	Janx Holding, Inc
Registered office	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid	7, rue Robert Stümper   L-2557-Luxembourg (Grand Duchy of Luxembourg)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Jurisdicción de la Ciudad autónoma de Buenos Aires	Guayabos nº 1718, escritorio 505 Montevideo	Avda Patria nºE4-41 Intersección Avda Amazonas edificio Patria Piso 10 Oficina 01, Pichincha, Quito.	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	3 Sugar Creek Center Blvd, Suite 600 Sugar Land, TX 77478
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Right and compliance of the obligations corresponding to public services concessions relating to the obligatory Technical Verification of Vehicles	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Certification services through non-destructive testing
Ownership interest held by Group companies:								
Direct	100%	100%	-	-	-	-	-	-
Indirect	-	-	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Libertytown USA 1, Inc.	Libertytown USA Finco, Inc.	Applus Iteuve Technology, S.L.U	IDIADA Automotive Technology, S.A	Applus Argentina, S.A.	IDIADA Fahrzeugtechnik, GmbH.	CTAG-Idiada Safety Technology, S.L.	Applus Chile, S.A.
Registered office	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	615, Dupont Highway, Kent County Dover, State of Delaware (USA)	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid	L'Albomar, s/n PO BOX 20,43710 Sta Oliva. Tarragona (España)	Reconquista 661 – Piso 2, C 1003 Ciudad de Buenos Aires (Argentina)	Manfred Hochstatter Strasse 2, 85055 Ingolstadt (Alemania)	Polígono A Granxa, Parcelas 249-250. 36410 Porriño, Pontevedra (España)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)
Line of business	Holding company	Holding company	Vehicle roadworthiness testing	Engineering, testing and certification	Holding company	Engineering, testing and certification	Engineering, testing and certification	Vehicle roadworthiness testing
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	80%	100%	80%	40%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Applus Iteuve Euskadi, S.A., Sociedad Unipersonal	Applus Revisiones Técnicas de Chile, S.A.	Applus Danmark, A/S	IDIADA CZ, A.S.	K1 Kasastajat, OY	Inspecció Tècnica de vehicles i serveis, S.A.	K1 Total, Oy	Idiada Automotive Technology India PVT, Ltd
Registered office	Polígono Ugaldeguren I Parcela 8, 48710 Zamudio, Vizcaya (España)	Avenida Américo Vespucio 743 - Huechuraba - Santiago de Chile (Chile)	Korsolalsvej, 111 2610 Rodovre (Dinamarca)	Pražská 320/8, 500 04, Hradec Králové (Czech Republic)	Joukahaisenkatu 6, 20520 Turku Finland	Ctra de Bixessarri s/n, Aixovall AD600 (Andorra)	Joukahaisenkatu 6, 20520 Turku Finland	Unit no. 206, 2nd Floor, Sai Radhe Building Raja Bahadur Mill Road, off Kennedy Road, Pune 411 001 - India
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Engineering, testing and certification
Ownership interest held by Group companies: Direct Indirect	- 100%	- 100%	- 100%	- 80%	- 100%	- 50%	- 100%	- 61%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

4

Name	Shangai IDIADA Automotive Technology Services Co. Ltd	Applus Euskadi Holding, S.L.U.	Applus Car Testing Service, Ltd.	Idiada Tecnologia Automotiva, Ltda.	Idiada Automotive Technology UK, Ltd.	Shangdong Idiada Automotive and tire proving ground Co, Ltd	Applus Iteuve Galicia, S.L.U.	Inversiones Finisterre, S.L.
Registered office	Jucheng Pioneer Park, Building 23, 3999 Xiu Pu Road, Nan Hui 201315 Shanghai (Pudong District) China	Polígono Ugaldeguren, 1 parcela 8, Zamudio, Vizcaya (España)	3026 Lakedrive, Citywest Business Campus, Naas Road, Dublin 24, Ireland.	Cidade de São Bernardo do Campo, Estado de São Pulo, na Rua Continental, nº 334, Jardim do Mar, CEP 09750-060 (Brasil)	St Georges Way Bermuda Industrial Estate, Nuneaton, Warwickshire CV10 7JS (UK)	Room 302, No.1 industrial building of West Jin Hui Road, South Qi Xiao (China)	Ctra. N-VI, Km. 582,6 - 15168 Espiritu Santo - Sada, A Coruña	Ctra. N-VI, Km. 582,6 - 15168 Espiritu Santo - Sada, A Coruña
Line of business	Engineering, testing and certification	Holding company	Vehicle roadworthiness testing	Engineering, testing and certification	Engineering, testing and certification	Engineering, testing and certification	Holding company	Holding company
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	100%	100%	80%	80%	80%	100%	80%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Supervisión y Control, S.A.U.	Riteve SyC, S.A.	LGAI Technological Center, S.A.	Applus México, S.A. de C.V.	LGAI Chile, S.A.	Applus Costa Rica, S.A.	Applus Norcontrol, S.L., Sociedad Unipersonal	Novotec Consultores, S.A., Sociedad Unipersonal
Registered office	Ctra. N-VI, Km. 582,6 - 15168 Espíritu Santo - Sada, A Coruña	Lagunilla de Heredia, ciento cincuenta metros al este de la Bomba Texaco. Costa Rica	Campus de la UAB, Ronda de la Font del Carme, s/n, 08193 Bellaterra-Cerdanyola del Vallès, Barcelona (España)	Bvd. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Oficentro Ejecutivo La Sabana, Edificio 7, Primer piso, Local 2, San José	Ctra. Nacional VI-Km 582, 15168, Sada, A Coruña (España)	Parque Empresarial Las Mercedes, C/Campezo, 1. Ed.3, 28022, Madrid (España)
Line of business	Vehicle roadworthiness testing	Vehicle roadworthiness testing	Certification	Quality system audit and certification	Quality system audit and certification	Quality system audit and certification	Inspection, quality control and consultancy services	Services related to quality and safety in industrial plants, buildings, etc.
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	80%	44%	95%	95%	95%	95%	95%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Applus Panamá, S.A.	Applus Norcontrol Panamá, S.A.	Norcontrol Chile, S.A.	Norcontrol Inspección, S.A. de C.V. – México	Applus Norcontrol Guatemala, S.A.	Applus Norcontrol Colombia, Ltda	Norcontrol Nicaragua, S.A.	Röntgen Technische Dienst Holding BV
Registered office	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (República de Panamá)	Calle Jacinto Palacios Cobos, Edificio 223, piso 3, locales A y C, Ciudad del Saber; Clayton, Ciudad de Panamá (República de Panamá)	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	Bvd. Manuel Avila Camacho 184, Piso 4-B, Col. Reforma Social, C.P. 11650 México, D.F. (México)	Km 14,5 Carretera a El Salvador, Santa Catarina Pínula (Guatemala)	Calle 17, núm. 69-46 Bogotá (Colombia)	Colonia Los Robles, Km. 6,500 Carretera Masaya, Managua (Nicaragua)	Delftweg 144, 3046 NC Rotterdam (Holanda)
Line of business	Certification	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Holding company
Ownership interest held by Group companies:	-	-	-	-	-	-	-	-
Direct	95%	95%	95%	95%	95%	96%	95%	100%
Indirect								
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2



Name	Applus Centro de Capacitación, S.A.	RTD Quality Services, SRO	Applus RTD France Holding, S.A.S	Applus RTD Deutschland inspektions-Gesellschaft, GmbH	Röntgen Technische Dienst B.V.	RTD Quality Services, Inc (Canada)	RTD Quality Services Nigeria Ltd.	Applus RTD USA, Inc.
Registered office	Alberto Henckel 2317, Providencia, Santiago de Chile (Chile)	U Stadionu 89, 530 02 Pardubice (República Checa)	129 Rue Servient 69326 Lyon Cedex 03 (Francia)	Industriestraße 34 b, 44894 Bochum (Germany)	Delftweg 144, 3046 NC Rotterdam (Holanda)	2600 Manulife Place 10180 - 101st Street, Edmonton, AB T5J 3Y2, Canada	Warri Boat Yard, 28 Warri/Sapele Road, Warri, Delta State (Nigeria)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478
Line of business	Provision of training services	Certification services through non-destructive testing	Holding company	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	95%	100%	100%	100%	100%	100%	49%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	RTD Holding Deutschland, GmbH	Applus RTD UK Holding, Ltd	Applus RTD PTE, Ltd (Singapore)	Applus Colombia, Ltda.	Applus (Shanghai) Quality inspection Co, Ltd	Applus RTD Certification, B.V.	Applus RTD PTY, Ltd (Australia)	Applus RTD Norway, AS
Registered office	Industriestr. 34, D-44894, Bochum (Alemania)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	521 Bukit Batok St 23, Unit 05-E, Singapore	Calle 17, núm 69-46, Bogotá (Colombia)	Jucheng Industrial Park, Building 23, 3999 Xiu Pu Rd, Nan Hui, Shanghai 201315 (China)	Delftweg 144, 3046 NC Rotterdam (Holanda)	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Finnestadgellen 38, 4029 Stavanger (Norway)
Line of business	Holding company	Holding company	Certification services through non-destructive testing	Certification	Inspection services in quality processes, production processes, technical assistance and consultancy	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification services through non-destructive testing
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	100%	95%	95%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Arctosa Holding, B.V.	Libertytown USA 2, inc.	Libertytown Australia, PTY, Ltd.	Applus RTD UK, Ltd	Applus RTD SP, z.o.o.	Applus Energy, S.L.U.	RTD Slovakia, s.r.o.	Autoservices Online, S.L.U.
Registered office	Delftweg 144, 3046 NC Rotterdam (Holanda)	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	94 Discovery Drive, Bibra Lake WA 6163 (Australia)	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	Raclawicka, 19, 41-506 Chorzów, Poland	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid	Udemicka 11; 851 01; Bratislava, Slovak Republic	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid
Line of business	Holding company	Holding company	Holding company	Certification services through non-destructive testing	Certification services through non-destructive testing	Provision of advisory services and auditing in the energy sector	Certification services through non-destructive testing	Provision of services related to the automotive sector and vehicle and road safety, engineering processes, training design, testing, homologation and certification, as well as technical audits of automotive establishments
Ownership interest held by Group companies: Direct Indirect	- 100%	- 100%	- 100%	- 100%	- 100%	- 100%	- 100%	- 100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	APP Management, S. de R.L. de C.V.	Libertytown Applus RTD Germany Gmbh	Applus Norcontrol Maroc, Sarl	Applus RTD Gulf DMCC.	Qualitec Engenharia de Qualidade, Ltda.	Applus Lgai Germany, Gmbh	BK Werstofftechnik-Prufstelle Für Werkstoffe, Gmbh	Ringal Brasii Investimentos, Ltda.
Registered office	Bld. Manuel Avila Camacho 184, Piso 4-A, Col. Reforma Social, C.P. 11650 México D.F. (México)	Industrie Strasse 34 b, 44894 Bochum, Alemanha	INDUSPARC Module N°11BD AHL LOGHLAM Route de Tit Mellil Chemin Tertiaire 1015 Sidi Moumen 20400, Casablanca (Maruecos)	16th Floor, Office 1601, Swiss Tower, Jumeirah Lake Towers, PO Box 337201, (Emiratos Árabes)	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brasil)	Zur Aumundswiede 2, 28279 Bremen, Germany	Zur Aumundswiede 2, 28279 Bremen, Germany	Cidade de Ibirité, Estado de Minas Gerais, na Rua Petrovale, quadra 01, lote 10, integrante da área B, nº450, Bairro Distrito Industrial Marsil, CEP 32.400-000 (Brasil)
Line of business	Provision of professional, technical, administrative and human resources services	Holding company	Inspection, quality control and consultancy services	Certification services through non-destructive testing	Certification services through non-destructive testing	Certification	Certification	Holding company
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	95%	100%	100%	95%	95%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Burek und Partner, Gbr.	Assinco-Assesoria Inspeção e Controle, Ltda	Applus Norcontrol Perú, S.A.C.	Kiefner & Associates Inc.	John Davidson & Associates PTY, Ltd	JDA Wokman Limited	PT JDA Indonesia	Applus Norcontrol Consultoría e Ingeniería, SAS
Registered office	Zur Aumundswiede 2, 28279 Bremen, Germany	Rua Petrovale, quadra 01, lote 10, integrante da area B, nº 450, Bloco 2 - 1º andar, Bairro Distrito Industrial Marsil, EP 32400-000 Cidade de Ibirité, Estado de Minas Gerais (Brasil)	Avenida San Borja Sur Nro. 1170, Urb. San Borja, San Borja, Lima.	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	Unit 22, 23 Ashtan Place, Banyo, Queensland, 4014, Australia	Unit 11, Section 53, Allotment 15 & 16, Ume Street, Gordons, Port Moresby, National Capital District, Papua New Guinea	Plaza Aminta 9th floor, Jl. TB Simatupang Kav. 10, South Jakarta, Indonesia	Calle 17, núm. 69-46 Bogotá (Colombia)
Line of business	Certification	Inspection, quality control and consultancy services	Inspection, quality control and consultancy services	Certification services through non- destructive testing	Provision of executive recruitment services	Provision of executive recruitment services	Provision of technical engineering and planning, conservation and operational services, technical training and human resource development	Inspection, quality control and consultancy services in the industry and services sector
Ownership interest held by Group companies:	-	-	-	-	-	-	-	-
Direct	95%	100%	96%	100%	100%	100%	100%	95%
Indirect								
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Applus Velosi Mongolia, LLC	Applus Laboratories, AS.	Applus Arabia L.L.C	Applus II Meio Ambiente Portugal, Lda	Ringal Invest, S.L.U	Applus Velosi DRC, Sarl.	Ingelog Consultores de Ingeniería y Sistemas, S.A.	Ingelog Servicios Generales, Ltda (Sergen)
Registered office	3a planta, San Business Centre, Sukhbaatar District, 8th Khoroo, Baga toiruu, Street 29 of Prime Minister Amar, Ulaanbaatar, Mongolia	Langmyra 11, 4344 Bryne, Norway	Dammam, Kingdom of Saudi Arabia	Rua Hermano Neves n.º 18, escritório 7, freguesia do Lumiar, Concelho de Lisboa. Portugal	Calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, Madrid	c/o Lambert S Djunga, Djunga & Risasi, 07 Avenue Lodja, Kinshasa/Gome, DRC	Alberto Henckel 2317, Santiago de Chile	Alberto Henckel 2317, Santiago de Chile
Line of business	Provision of human resources consultancy in the area of recruitment, placement candidates and related services	Certification	Certification	Inspection, quality control and consultancy services	Holding company	Provision of permanent contract services	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Provision of transport and rental of vehicles
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	95%	48%	95%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Ingeolog Guatemala Consultores de Ingeniería y Sistemas, S.A.	Ingeandina Consultores de Ingeniería, S.A.S.	Ingeolog Costa Rica S.A.	Applus RTD USA Aerospace Holding, Inc.	X-RAY Industries, Inc.	Composite Inspection Solutions, LLC.	Applus Laboratories USA, Inc.	Arcadia Aerospace Industries, LLC.
Registered office	Ciudad de Guatemala	Calle 17, núm. 69-46 Bogotá (Colombia)	San José de Costa Rica, calle treinta y uno, avenidas nueve y once, Barrio Escalante	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	1961 Thunderbird, Troy Michigan USA 48084	615 S. DuPont Highway, Kent County, Dover, Delaware 19901, USA	28000 Mooney Avenue, Building #110, Punta Gorda Florida 33982 USA
Line of business	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Counseling and consulting services in the areas of engineering, infrastructure, environment, etc.	Holding company	X-ray metallurgical, management, retail equipment, equipment manufacturing, non- destructive; testing services	Certification	Holding company	Industrial contract and inspection services
Ownership interest held by Group companies: Direct Indirect	- 100%	- 100%	- 100%	- 100%	- 100%	- 95%	- 95%	- 67%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

21

Name	Applus RTD LLC.	NRAY Services, Inc.	Applus RTD USA Services, Inc.	Libertytown USA 3, Inc.	Applus Management Services, Inc.	Applus Aerospace UK, Limited	Aerial Photography Specialist PTY, LTD	Applus RTD Canada Holding (2016), Inc.
Registered office	Khokhlovskiy side-street 13, building 1, 109028 Moscow, Russian Federation	56A Head Street, Dundas, ON L9H 3H7 Canada	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	Unit 2, Blocks C and D, West Mains Industrial Estate, Grangemouth, FK3 8YE, Scotland (UK)	94 Discovery Drive, Bibra Lake WA 6163 Australia	1300 - 1969 Upper Water Street Purdy's Wharf Tower II Halifax NS B3J 3R7 Canada
Line of business	Purchase of equipment and refills, installation, reparation and maintenance of the equipment, engineering services and devolment of scientific investigation	Inspection of the based neutron radiation services	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Any lawful act or activity in order for companies to organise themselves under the Delaware General Corporation Law	Provision of professional, technical, administrative and human resources services	Non-destructive services frim the aerospace business.	Manufacture, repair, sale and services related to drones	Holding company
Ownership interest held by Group companies:								
Direct	-		-	-		-	-	-
Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation



Name	SKC Inspection and Non Destructive Testing, Inc	SKC Engineering Ltd	MxV Engineering,Ltd	Applus Norcontrol Asistencia Técnica, SAS	Applus Norcontrol República Dominicana, S.R.L	Emilab, SRL	AC6 Metrología, S.L.	Applus RVIS, B.V.
Registered office	4529 Melrose Street, Port Alberni, BC V9Y1K7, Canada	4529 Melrose Street, Port Alberni, BC V9Y1K7, Canada	19165 94th Avenue, City of Surrey British Columbia V4N 3S4	Calle 17, núm. 69-46 Bogotá (Colombia)	Plaza El Avellano, Calle Dr. Jacinto Ignacio Mañón No. 5 Local No. 08 Primer Piso. Ensanche Paraíso, Santo Domingo-República Dominicana	Via F.lli Solari 5/A 33020 Amaro(UD)-Italy	Polígono Comarca I, Edificio Pasarela. 31160, ORKOIEN -- Navarra. España	Delftweg 144, NC 3046 Rotterdam (The Netherlands)
Line of business	Inspección y ensayos no destructivos	Ensure quality, training, inspection, proof and design and welding engineering services.	Dielectric tests, inspections of cranes, stability tests and preventive maintenance	Inspection and technical assistance services	Inspection and technical assistance services	Research in the areas of engineering, electromagnetic compatibility and electrical safety.	Research, development and advisory services for metrology and industrial calibration activities.	Remote Non-destructive Inspection and Testing
Ownership interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	50%	95%	95%	95%	95%	51%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Applus Servicios Integrales, S.A.S.	Tunel Safety Testing, S.A.	Applus Brasil Investimentos, Ltda
Registered office	Calle 17 # 69 - 46, Bogotá, Colombia	LG Centro Experimental San Pedro de Anes s/n, Siero 33189, Asturias	Rua Dom José de Barros, nº 177, 6ª andar, conjunto 601, sala 602, Vila Buarque, CEP 01038-100, Sao Paulo (Brasil)
Line of business	Inspection, quality control and consultancy services	Fire testing in tunnels, fire suppression product testing and fire training.	Holding company
Ownership interest held by Group companies:			
Direct	-	-	-
Indirect	95%	89%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation

2

Name	Velosi S.à r.l.	SAST International Ltd	Velosi Asset Integrity Ltd	Velosi Asia (Luxembourg) S.à r.l.	Velosi Africa (Luxembourg) S.à r.l.	Velosi Europe (Luxembourg) S.à r.l.	Velosi Poland Sp z o.o.	Velosi Europe Ltd
Registered office	7, rue Robert Stümper   L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	Equity Trust House, 28-30 The Parade, St Helier, JE1 1EQ Jersey, Channel Islands.	7, rue Robert Stümper   L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	7, rue Robert Stümper   L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	7, rue Robert Stümper   L-2557-Luxembourg, Grand Duchy of Luxembourg, L-1653 Luxembourg, Luxembourg.	00-203 Warszawa, ul. Bonifraterska 17, VI p, Polska, 00-201 Warszawa, Poland.	1 Woodside Business Park, Whitley Wood Lane, Reading, RG2 8LW, United Kingdom.
Line of business	Holding company	Provision of consultancy and engineering services	Provision of specialised asset integrity management services for the oil, gas and petrochemical industries at worldwide level	Holding company	Holding company	Holding company	Publishing of other programmes	Provision of technical, engineering and industrial services
Ownership interest held by Group companies: Direct Indirect	100%	100%	100%	100%	100%	100%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Velosi Certification Bureau LTD	Intec (UK) Ltd	Velosi International Italy Srl	Velosi-PSC Srl	IES - Velosi Norge AS	Velosi TK Gozetim Hizmetleri Limited Sirketi	Velosi LLC	Velosi Malta I Ltd
Registered office	1 Woodside Business Park, Whitley Wood Lane, Reading, RG2 8LW, United Kingdom.	Brunel House, 9 Penrod Way, Heysham, Lancashire, LA3 2UZ, United Kingdom.	23807 Merate (LC), via De Gasperi, 113, Merate, Italy.	Via Cinquantenario, 8 - 24044 Dalmino, Bergamo (BG), Italy.	Dølevegen, 86, Post Box. 2096 N-5541 Kolnes, Kongsberg, Norway.	1042. Cadde 1319.Sokak No.9/5 Ovecler, Ankara, Turkey.	Azadlig Avenue 189, Apt 61, AZ1130 Baku, Azerbaijan.	Level 5, The Mall Complex, The Mall, Floriana, Malta.
Line of business	Provision of technical, engineering and industrial services	Provision of consultancy, training and human resources services	Provision of technical, engineering and industrial services	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Quality control, maintenance and inspection	Provision of auxiliary services for oil and gas companies	Holding Company
Ownership interest held by Group companies: Direct Indirect	100%	60%	80%	80%	60%	80%	100%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

2

Name	Velosi Malta II Ltd	Applus Velosi Czech Republic, s.r.o.	Velosi Turkmenistan	Velosi Industries Sdn Bhd	Velosi Specialised Inspection Sdn Bhd	Kurtec Inspection Services Sdn Bhd	Kurtec Tube Inspection Sdn Bhd	Velosi Plant Design Engineers Sdn Bhd
Registered office	Level 5, The Mall Complex, The Mall, Floriana, Malta.	Prague 9, Ocelárská 35/1354 - Czech Republic.	Ashgabat City, Kopetdag District, Turkmenbashi, Avenue, No. 54, Turkmenistan.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.
Line of business	Holding Company	Manufacturing, trade and services not listed in Appendix 1-3 of the Trade License Activity	No line of business	Investments, investment property and provision of engineering services	Provision of engineering and technical services	Provision of non-destructive testing (specialised NDT) services, inspection of guided wave long range ultrasonic testing (LRUT) and remote visual inspection	Provision of specialised non-destructive testing (NDT) inspection and cleaning of pipes and tanks	Provision of consultancy and engineering services for the design of plants, construction and engineering and the investment that they possess
Ownership interest held by Group companies: Direct Indirect	100%	100%	100%	100%	100%	100%	37%	100%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

81

Name	K2 Specialist Services Pte Ltd	Velosi Engineering Projects Pte Ltd	Velosi Energy Consultants Sdn Bhd	Velosi (HK) Ltd	Velosi Saudi Arabia Co Ltd	Velosi Engineering Management Consultancy Ltd Co.	Velosi Siam Co Ltd	Applus (Thailand) Company Limited
Registered office	521 Bukit Batok Street 23 Unit 5E, Excel Building, 659544, Singapore	521, Bukit Batok Street 23, Unit 5E, 659544 Singapore, Singapore	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Level 12, 28 Hennessey Road, Wanchai, Hong Kong.	Unit No. 1, Al-Qusur, Talal Al-Doha Building, Sub of Prince Mohammad bin Fahd Road, Dhahran, 34247-3229, Kingdom of Saudi Arabia.	Room 2501-2503, World Center Block A, No. 18 Tao Lin Road, Pudong, Shanghai PRC 200135.	ZEN @ ZEN World Tower, Level 12, Zen World Tower, 4, 4/5 Rajdamri Road, Pathumwan, Bangkok, 10330, Thailand	208 Wireless Road Building 14th Floor Room 1401 (16), Lumpini, Pathumwan, Bangkok 10330, Thailand
Line of business	Provision of specialised services in the area of repair of ships, tankers and other high sea vessels, and provision of rope access, testing and technical analyses for the oil and gas industries	Provision of third-party inspection services	Provision of consultancy services for all engineering activities and the supply of local and foreign experts for the generation of oil and gas energy, marine, energy conservation, mining and all other industries, together with the engineering and maintenance of refining vessels, oil platforms, platforms, petrochemical plants and the supply of qualified labor	Provision of management services, sales support, advisory and business development services to related companies	Provision of maintenance testing, fixing, examination of the welding and quality control for the pipes, machinery, equipment and other buildings in oil, gas and petrochemical facilities and to issue related certificates	Provision of consulting of Petroleum Engineering, technical consultation of mechanical engineering and consulting of business management	Holding Company	Provision of engineering and technical services
Ownership interest held by Group companies:	-	-	-	-	-	-	-	-
Direct	100%	75%	100%	100%	60%	100%	49%	74%
Indirect	-	-	-	-	-	-	-	-
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Velosi Integrity & Safety Pakistan (Pvt) Ltd	Velosi Corporate Services Sdn Bhd	Velosi International Holding Company BSC (c)	Velosi Certification Services LLC	Velosi Certification WLL	PT Java Velosi Mandiri	Velosi Certification WLL	Velosi PromService LLC
Registered office	Office No. 401, 4th Floor, Business Centre, Block 6, P.E.C.H.S. Society, 74000 Karachi, Pakistan.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jajak, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Flat 42, Building 1033, Road 3731, Block 337, Menama/UMM Alhassam, Kingdom of Bahrain	#201, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	Block 9, Building 24, Office 21, Ground Floor, East Ahmadi, Industrial Area, P O Box # 1589, Salmiya – 22016, Kuwait.	Plaza Aminta 9th Floor, Jl. TB Simatupang Kav. 10, Jakarta, 12310, Indonesia	Building No 121340, First Floor New Salata, C Ring Road, P.O. Box 3408, Doha, Qatar.	Sadovnicheskaya Street 22/15, Building 1, 1st Floor, Office 2, 115035 Moscow, Russian Federation.
Line of business	Provision of support engineering services, inspections based on risk, reliability centred maintenance, assessment of the safety integrity level, suitability for management services studies, corrosion studies, development of data management control systems, quality management system certification, specialised non-destructive testing services, approval of the design review, third-party inspection services and inspection of plants and access engineering	Provision of general management, business planning, coordination, corporate finance advisory, training and personnel management services	Holding company of a group of commercial, industrial and service companies	Provision of construction project quality management services, management system certification, quality management of the maintenance of existing facilities and equipment and mandatory inspection services	Provision of Industrial consultancy	Provision of engineering consultancy services, such as quality control and non-destructive testing (NDT) inspection services, provision of skilled labor with vocational training	Provision of inspection and analysis and technical services in the area of qualified technical jobs	Provision of quality assurance and control, general inspection, corrosion control and services for the supply of labor for the oil and gas industries
Ownership interest held by Group companies: Direct Indirect Method used to account the investment	- 70% Full consolidation	- 100% Full consolidation	- 100% Full consolidation	- 49% Full consolidation	- 24% Full consolidation	- 0% Full consolidation	- 24% Full consolidation	- 100% Full consolidation

Name	Velosi LLC	Velosi Bahrain WLL	Velosi LLC	Velosi Quality Management International LLC	Velosi CBL (M) Sdn Bhd	Velosi LLC	Velosi (B) Sdn Bhd	Velosi Certification Services LLC
Registered office	Yuzhno-Sakhalinsk, Kommunisticheskyy Prospekt, 32, Suit 610, Sakhalin, Russia.	Flat 11, Building 1033, Road 3721, Block 337, Menama / UMM Alhassam, Kingdom of Bahrain	Block no 227 Stella Building, Post Box 231 Hamriya, Way no 2748, Oman.	205, Block B, Abu Dhabi Business Hub, ICAD-1, Mussafah, PO Box 427 Abu Dhabi, United Arab Emirates.	C/o AGL Management Associates Sdn Bhd, No. 152-3-18A, Kompleks Maluri, Jalan Jejaka, Taman Maluri, 55100 Kuala Lumpur, Malaysia.	Suite 22, Building 56, Almaty Block 6, Kazakhstan.	Lot 5211, Spg. 357, Jln Maulana, KA 2931 Kuala Belait, Negara Brunei Darussalam.	17, Chimgent Street, Mirobod District, 100029 Tashkent, Uzbekistan.
Line of business	Holding Company	Equipment certification engineering and inspection controls	Provision of industrial inspection services, services for the management of facilities, quality and service issuance certificates	Provision of certification, engineering and inspection, onshore and/or offshore services	Provision of equipment inspection services	Provision of services in the area of industrial safety	Provision of quality control and engineering services for the oil and gas industries	Provision of inspection, certification, monitoring and other types of business activity
Ownership Interest held by Group companies:								
Direct	-	-	-	-	-	-	-	-
Indirect	100%	100%	50%	49%	100%	80%	30%	80%
Method used to account the investment	Full consolidation	Full consolidation	Equity method	Full consolidation	Full consolidation	Full consolidation	Equity method	Full consolidation



Name	Velosi Philippines Inc	Velosi Ukraine LLC	Dijla & Furat Quality Assurance, LLC.	Applus Korea Co. Ltd.	Steel Test (Pty) Ltd	Velosi (Ghana) Ltd	Oman Inspection and Certification Services	Velosi Angola Prestacao de Servicos Ltda
Registered office	1004, 10F, Pagibig WT Tower, Cebu Business Park, Ayala, Cebu City, Philippines.	5A Pilerska Street, 03087 Kyiv, Ukraine.	Ramadan Area, District 623-S, No.1, Baghdad, Iraq.	108, Jin-ha, Seo-sang, Uiju, Ulsan, Republic of Korea.	28 Senator Rood Road, 1939 Vereeniging, Republic Of South Africa.	2nd Floor, Design House, Ring Road East, Accra.	PO Box 15, PC 105, Al Aziaba, Sultanate of Oman.	Rua Marien Ngouabi 37, 5º apartamento 53, Maianga, Luanda Angola
Line of business	Provision of business process outsourcing	Provision of ancillary services in the oil and natural gas industries	Provision of inspection, quality control and certification services	Provision of training and consulting for services related to technical engineering, hiring-out of manpower and materials and leasing of properties.	Pipe and steel thickener testing	Provision of inspection, quality control and certification services	Provision of non-destructive testing services (NDT), environmental and safety services (HSE), quality control and engineering services.	Provision of quality assurance and control, inspection, supply of technical manpower, certification and regulatory inspection, NDE specialised services and engineering
Ownership interest held by Group companies: Direct Indirect	- 100%	- 100%	- 100%	- 66,60%	- 75%	- 49%	- 50%	- 44%
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Equity method	Full consolidation

7

Name	Velosi Superintendend Nigeria Ltd	Velosi Uganda LTD	Velosi SA (Pty) Ltd	Applus Velosi Egypt, LLC	Velosi Mozambique LDA	Applus Velosi Angola, Lda.	Applus India Private Limited	K2 Do Brasil Services Ltda
Registered office	3A Alabi Street, Off Toyin Street, Ikeja - Lagos, Nigeria.	3rd Floor, Rwenzori House, Plot 1, Lumumba Avenue, PO Box 10314 Kampala, Uganda.	1st Floor, AMR Building 1, Concorde Road East, Bedfordview, 2008 Gauteng, South Africa.	5A Khaled ibn Al Walid Street Sheraton Nozha Cairo, Egypt	Avenida Kim Il Sung, 961 - Bairro Sommershield - Distrito Urbano 1, Maputo Cidade - Moçambique.	Rua Marechal Brás Tilo, n.º 35-37 Piso 13, Fração B Edifício Escom Angola	#5, 2-13/4, Beside SBH, Hydernagar Kukatpally Hyderabad, Telangana, India 500072	Avenida Nossa Senhora da Gloria, 2.643, Cavaleiros, Macaé - RJ, CEP27920-360, Macaé, Brazil.
Line of business	Provision of services (quality assurance and control, general inspection, corrosion control and supply of labor) for the oil and gas industries	Provision of business consulting and management	Provision of services related with the quality of the oil and gas industries	Provision of engineering consultancy in the oil sector, the maritime business, power generation and mining, as well as management consulting	Provision of consultancy services and technical assistance in the oil and gas industries, such as labor force services, and other specialized services in non-destructive trials, controls, quality inspections and asset integrity	Provision of quality assurance and control, inspection, supply of technical manpower, certification and specialised services in NDT and engineering.	Provision of labor supply services for the oil and gas industries	Provision of updating, repair, modification and control of onshore and offshore oil facilities, inspection and development of design services, manufacture of components and machinery structures and supply of qualified labor
Ownership interest held by Group companies:	-	-	-	-	-	-	-	-
Direct	30%	100%	100%	100%	74%	49%	100%	100%
Indirect								
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

Name	Applus Velosi America LLC	Applus Velosi Canada Ltd	Velosi Do Brasil Ltda	Midstream Technical Inspection Services, LLC	Applus K2 America, LLC	Velosi Australia Pty Ltd	QA Management Services Pty Ltd
Registered office	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	2600 Manulife Place 10180 - 101st Street, Edmonton, AB T5J 3Y2, Canada	Praia Do Flamengo 312, 9 Andar Parte Flamengo, Rio De Janeiro, Brazil.	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	3 Sugar Creek Center Blvd. Suite 600 Sugar Land, TX 77478	Unit 22/23 Ashtan Place Banyo, Queensland, 4014, Australia	94 Discovery Drive, BIBRA LAKE, WA 6163, Australia
Line of business	Provision of labor supply services for the oil and gas industries	Provision of labor supply services for the oil and gas industries	No line of business	Supply of certifications for pipelines belonging to the oil and gas sector	Providing solutions for owners and operators of drilling rigs and FPSO in America, including inspection services, repair and maintenance, structural design and analysis and training services	Holding company	Provision of quality assurance services, such as worldwide inspection and ISO 9000 Quality Management Consultancy, training courses, quality control software packages and specialised labor services
Ownership interest held by Group companies:	-	-	-	-	-	-	-
Direct	100%	100%	98,00%	100%	100%	100%	100%
Indirect							
Method used to account the investment	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation

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

2

The members of the Board of Directors of Applus Services, S.A. declare that, to the best of their knowledge, the individual financial statements of Applus Services, S.A. (comprising the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the explanatory notes) for 2017, prepared in accordance with the accounting policies applicable and approved by the Board of Directors at its meeting on 21 February 2018, present fairly the equity, financial position and results of Applus Services, S.A., and that the management report accompanying such financial statements includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A, as well as a description of the principal risks and uncertainties that the company faces. All the Directors have signed on this page to certify the above mentioned, except for Mr Richard Campbell Nelson who has not signed as he was not physically present at the Board Meeting in which the accounts have been approved. Nevertheless, Mr Nelson was present at the Board Meeting via videoconference and voted in favour of the approval of the accounts.

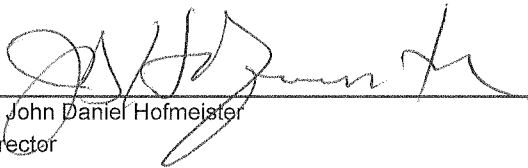
Madrid, 21 February 2018



D. Christopher Cole  
Chairman



D. Ernesto Gerardo Mata López  
Director



D. John Daniel Hofmeister  
Director



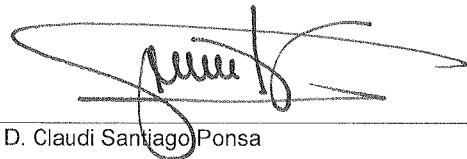
D. Fernando Basabe Armijo  
Director



D. Nicolás Villén Jiménez  
Director



Dª. Maria Cristina Henríquez de Luna Basagoiti  
Director



D. Claudi Santiago Ponsa  
Director



D. Scott Cobb  
Director