Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six month period ended at 30 June 2019 and Limited Review Report

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

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Applus Services, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position at 30 June 2019, the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2019 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of matter paragraph

We draw attention to Note 2-a to the accompanying interim condensed consolidated financial statements notes, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018. This matter does not affect our conclusion.

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

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2019 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2019. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Applus Services, S.A. and Subsidiaries.

Other Matter Paragraph

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

DELOITTE, S.L.

Ana Torrens Borrás

25 July 2019

Applus Services, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2019 together with the Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21).
In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019
(Thousands of euros)

ASSETS	Notes	30/06/19 (*)	31/12/18
NON-CURRENT ASSETS:			
Goodwill	4	599.941	591.338
Other intangible assets	5	498.362	518.861
Right of use assets	13	152.115	-
Property, plant and equipment	7	219.507	220.574
Investments accounted for using the equity method		752	724
Non-current financial assets	8	28.064	27.520
Deferred tax assets	15.1	69.049	66.738
Total non-current assets		1.567.790	1.425.755
CURRENT ASSETS:			
Inventories		8.585	8.140
Trade and other receivables-			
Trade and other receivables	9	396.473	374.418
Trade receivables from related companies	9 & 18	64	72
Other receivables	9	19.121	16.513
Corporate income tax assets		20.912	19.024
Other current assets		19.260	11.532
Current financial assets		4.017	9.698
Cash and cash equivalents		129.197	132.318
Total current assets		597.629	571.715
TOTAL ASSETS		2.165.419	1.997.470

EQUITY AND LIABILITIES	Notes	30/06/19 (*)	31/12/18
EQUITY:			
Share capital and reserves-			
Share capital		13.070	13.070
Share premium		449.391	449.391
Retained earnings and other reserves		303.897	304.018
Profit/ (Loss) for the period attributable to the Parent		30.265	41.208
Treasury shares		(1.128)	(3.405)
Valuation adjustments-			
Foreign currency translation reserve		(45.854)	(48.079)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		749.641	756.203
NON-CONTROLLING INTERESTS		53.571	54.682
Total equity	10	803.212	810.885
NON-CURRENT LIABILITIES:			
Long-term provisions	17	26.021	23.364
Obligations and bank borrowings	11	570.843	606.461
Obligations under leases	13	124.767	-
Other financial liabilities		26.391	24.532
Deferred tax liabilities	15.2	144.684	151.015
Other non-current liabilities		31.356	37.076
Total non-current liabilities		924.062	842.448
CURRENT LIABILITIES:			
Short-term provisions		2.679	1.788
Obligations and bank borrowings	11	37.134	9.983
Obligations under leases	13	45.973	-
Trade and other payables		329.265	307.936
Trade payables from related companies	18	3	3
Corporate income tax liabilities		13.186	14.798
Other current liabilities		9.905	9.629
Total current liabilities		438.145	344.137
TOTAL EQUITY AND LIABILITIES		2.165.419	1.997.470

(*) Unaudited interim condensed consolidated statement of financial position as at 30 June 2019.

The accompanying notes 1 to 21 are an integral part of the interim condensed consolidated statement of financial position as at 30 June 2019.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST HALF OF 2019

(Thousands of euros)

	Notes	30/06/19 (*)	30/06/18 (*)
CONTINUING OPERATIONS:			
Revenue	16	875.793	812.770
Procurements		(79.685)	(75.757)
Staff costs	14-a	(476.936)	(446.528)
Other operating expenses		(172.405)	(183.605)
Operation Profit Before Depreciation, amortisation, and others		**146.767**	**106.880**
Depreciation and amortization charge	5, 7 & 13	(78.088)	(54.162)
Impairment and gains or losses on disposals of non-current assets		(57)	(445)
Other results		(958)	(667)
OPERATING PROFIT:		**67.664**	**51.606**
Financial Result	14-b	(11.507)	(9.301)
Share of profit of companies accounted for using the equity method		-	3
Profit/ (Loss) before tax		**56.157**	**42.308**
Corporate income tax		(14.790)	(11.454)
Net profit/ (loss) from continuing operations		**41.367**	**30.854**
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX:		-	-
NET CONSOLIDATED PROFIT / (LOSS):		**41.367**	**30.854**
Profit / (Loss) attributable to non-controlling interests	10-g	11.102	8.645
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT:		**30.265**	**22.209**
Earnings per share (in euros per share):	10-e		
- Basic		**0,212**	**0,155**
- Diluted		**0,212**	**0,155**

(*) Unaudited interim condensed consolidated statement of profit or loss for the first half of 2019 and of 2018.

The accompanying notes 1 to 21 are an integral part of the interim condensed consolidated statement of profit or loss for the first half of 2019.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST HALF OF 2019
(Thousands of euros)

	30/06/19 (*)	30/06/18 (*)
NET CONSOLIDATED PROFIT:	**41.367**	**30.854**
1. Other comprehensive income and expenses recognised directly in equity:		
a) Items that will not be transferred to profit or loss:	-	-
b) Items that could be transferred to profit or loss:		
Exchange differences on translating foreign operations	2.505	(4.494)
2. Transfers to the statement of profit or loss:		
Other comprehensive result	-	-
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**43.872**	**26.360**
Total comprehensive income for the year attributable to:		
- The Parent	32.490	17.468
- Non-controlling interests	11.382	8.892
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR	**43.872**	**26.360**

(*) Unaudited interim condensed consolidated statement of comprehensive income for the first half of 2019 and of 2018.

The accompanying notes 1 to 21 are an integral part of the interim condensed consolidated statement of comprehensive income for the first half of 2019.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21).
In the event of a discrepancy, the Spanish-language version prevails.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST HALF OF 2019

(Thousands of euros)

	Share capital	Share premium	Retained earnings and other reserves	Profit/ (loss) for the period attributable to the Parent	Treasury shares	Translation differences	Non-controlling interests	Total equity
Balance at 31 December 2017	**13.070**	**449.391**	**290.484**	**35.582**	**(1.186)**	**(43.735)**	**51.357**	**794.963**
Changes in the scope of consolidation and other changes	-	-	(199)	-	-	-	2.015	1.816
Allocation of 2017 profit	-	-	35.582	(35.582)	-	-	-	-
Dividends paid	-	-	(18.592)	-	-	-	(2.369)	(20.961)
Treasury shares	-	-	(327)	-	1.042	-	-	715
Comprehensive income for the first half of 2018	-	-	-	22.209	-	(4.741)	8.892	26.360
Balance at 30 June 2018 (*)	**13.070**	**449.391**	**306.948**	**22.209**	**(144)**	**(48.476)**	**59.895**	**802.893**

	Share capital	Share premium	Retained earnings and other reserves	Profit/ (loss) for the period attributable to the Parent	Treasury shares	Translation differences	Non-controlling interests	Total equity
Balance at 31 December 2018	**13.070**	**449.391**	**304.018**	**41.208**	**(3.405)**	**(48.079)**	**54.682**	**810.885**
Changes in the scope of consolidation and other changes	-	-	(6.832)	-	-	-	(1.893)	(8.725)
Allocation of 2018 profit	-	-	41.208	(41.208)	-	-	-	-
Dividends paid	-	-	(21.453)	-	-	-	(10.016)	(31.469)
Treasury shares	-	-	(520)	-	2.277	-	-	1.757
Other changes	-	-	(12.524)	-	-	-	(584)	(13.108)
Comprehensive income for the first half of 2019	-	-	-	30.265	-	2.225	11.382	43.872
Balance at 30 June 2019 (*)	**13.070**	**449.391**	**303.897**	**30.265**	**(1.128)**	**(45.854)**	**53.571**	**803.212**

(*) Unaudited interim condensed consolidated statement of changes in equity for the first half of 2019 and of 2018.

The accompanying notes 1 to 21 are an integral part of the interim condensed consolidated statement of changes in equity for the first half of 2019.

APPLUS SERVICES, S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2019
(Thousands of euros)

	Notes	30/06/19 (*)	30/06/18 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		**56.157**	**42.308**
Adjustments for items that do not give rise to operating cash flows-			
Depreciation and amortisation charge	5 & 7	78.088	54.162
Changes in provisions and allowances		1.248	(912)
Financial result	14-b	11.507	9.301
Share of profit of companies accounted for using the equity method		-	(3)
Gains or losses on disposals of intangible assets and property, plant and equipment		57	445
Profit from operations before changes in working capital (I)		**147.057**	**105.301**
Changes in working capital-			
Changes in trade and other receivables		(32.320)	(30.013)
Changes in inventories		(445)	(297)
Changes in trade and other payables		2.135	(10.490)
Cash generated by changes in working capital (II)		**(30.630)**	**(40.800)**
Other cash flows from operating activities-			
Other payments		-	-
Cash flows from operating activities (III)		**-**	**-**
Corporate Income tax		(19.612)	(8.766)
Cash flows from income tax (IV)		**(19.612)**	**(8.766)**
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)+(IV)		**96.815**	**55.735**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		982	3.230
Payment due the acquisition of subsidiaries and other non-current financial assets	3-c	(13.333)	(31.003)
Proceeds from disposal of property, plant and equipment		-	-
Payments due to acquisition of intangible assets and property, plant and equipment	5 & 7	(25.284)	(18.486)
Net cash flows used in investing activities (B)		**(37.635)**	**(46.259)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received	14-b	1.130	1.244
Interest paid		(6.365)	(6.787)
Net change in long-term financing (payments and proceeds)		(47.156)	(4.138)
Net change in short-term financing (payments and proceeds)		23.246	16.518
Net payment of lease liabilities		(27.325)	-
Dividends paid by Group companies to non-controlling interests		(6.039)	(4.012)
Net cash flows used in financing activities (C)		**(62.509)**	**2.825**
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES (D)		**208**	**(1.538)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(3.121)**	**10.763**
Cash and cash equivalents at beginning of period		**132.318**	**129.211**
Cash and cash equivalents at end of period		**129.197**	**139.974**

(*) Unaudited interim condensed consolidated statement of cash flows for the first half of 2019 and of 2018.

The accompanying notes 1 to 21 are an integral part of the interim condensed consolidated statement of cash flows for the first half of 2019.

CONTENTS

Page

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

Applus Services, S.A.
and Subsidiaries

Explanatory Notes to the Interim Condensed Consolidated Financial Statements for the first half of 2019

1. Group activities

Applus Services, S.A. (formerly Applus Technologies Holding, S.L., "the Parent") has been the Parent of the Applus Group ("Applus Group" or "The Group") since 29 November 2007. The Parent Company has its registered office in calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes, in Madrid.

The Parent's 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 108 of the Law 27/2014, of 27 November 2014, on Corporate Income Tax, or by such legislation as may replace it, as well as the administration, management and guidance of such companies and entities, whether directly or indirectly, by means of the membership, attendance and holding of positions on any governing and management bodies of such companies or entities, carrying out the 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.

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

2. Basis of presentation and basis of consolidation

a) Basis of presentation

These interim condensed consolidated financial statements for the first half ended 30 June 2019 were prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). These interim condensed consolidated financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2018, which were prepared in accordance with EU-IFRSs. Accordingly, it was not necessary to repeat or update certain notes or estimates included in those consolidated financial statements. Therefore, the accompanying selected explanatory notes include an explanation of the events and changes that are significant to an understanding of the changes in consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Applus Group in the period from 31 December 2018, the date of the aforementioned consolidated financial statements, to 30 June 2019.

These interim condensed consolidated financial statements were approved by the Parent's Directors at the Board of Directors meeting held on 23 July 2019.

The interim condensed consolidated financial statements of the Applus Group were prepared on the basis of the financial statements of the Parent and the Group companies in accordance with EU-IFRS.

b) *Comparative information*

In accordance to IAS 34, in order to obtain comparative information, these interim condensed consolidated financial statements include the interim condensed consolidated statement of financial position as at 30 June 2019 and the consolidated statement of financial position as at 31 December 2018, the interim condensed consolidated statements of profit or loss for the six-month periods ended 30 June 2019 and 2018, the interim condensed consolidated statements of comprehensive income for the six-month periods ended 30 June 2019 and 2018, the interim condensed consolidated statements of changes in equity for the six-month periods ended 30 June 2019 and 2018, the interim condensed consolidated statements of cash flows for the six-month periods ended 30 June 2019 and 2018, and the explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

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

The Parent's Directors are responsible for the information contained in these interim condensed consolidated financial statements with the applicable regulatory financial reporting framework (see section (a) above) and for such internal control measures that they consider necessary to make it possible to prepare the interim condensed consolidated financial statements free from material misstatement.

In the Group's interim condensed consolidated financial statements at 30 June 2019 estimates were made by the Group Management, later ratified by the Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of goodwill (see Note 4).
- The impairment losses on certain assets (see Note 6).
- The recoverability of the deferred tax assets recognised (see Note 15).
- The right-of-use assets and obligations under leases (see Note 13).
- The useful life of the property, plant and equipment and intangible assets.
- The assumptions used in measuring the recoverable amount of the financial instruments and the assets and liabilities in the business combinations.
- Income from pending to be billed services
- Provisions and contingent liabilities (see Note 17).
- Corporate income tax and deferred tax assets and liabilities (see Note 15).

Although these estimates were made on the basis of the best information available as of 30 June 2019 on the events analysed, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in the coming years, in accordance with the requirements of IAS 8.

3. Accounting policies and measurement bases

The accounting policies and measurement bases used in these interim condensed consolidated financial statements as at 30 June 2019 are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2018, with the following exceptions:

a) Changes in accounting policies and in disclosures of information effective in 2019

In 2019 new accounting standards came into force and were therefore taken into account when preparing the accompanying interim condensed consolidated financial statements. The following standards were applied in these interim condensed consolidated financial statements but did not have a significant impact on the presentation hereof or the disclosures herein, except the entry into force of IFRS 16 detailed below:

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Approved for use in the European Union		
New standards:		
IFRS 16, Leases (issued in January 2016)	Supersedes IAS 17 and the related interpretations. The main development of the new standard is that it introduces a single lessee accounting model in which all leases (with certain limited exceptions) will be recognised in the statement of financial position with an impact similar to that of the existing finance leases (depreciation of the right-of-use asset and a finance cost for the amortised cost of the liability will be recognised).	1 January 2019
Amendments and/or interpretations:		
Amendment to IFRS 9 Early cancellation with negative compensation features (published October 2017)	This amendment will permit the measurement at amortised cost of certain financial assets that can be cancelled early for an amount less than the outstanding amount of principal and interest on that principal.	1 January 2019
IFRIC 23 Uncertainty over tax treatment (published June 2017)	This interpretation clarifies how to apply the recording and measurement criteria in IAS 12 when there is uncertainty about the tax authority's acceptability of a particular tax treatment used by the entity.	1 January 2019
Amendment to IAS 28 Long-term interest in associates and joint ventures (published October 2017)	It clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January 2019
IFRS 3 Business Combinations - Annual Improvement Cycle 2015-2017 (published December 2017)	Acquisition of control over a business previously registered as a joint venture.	1 January 2019

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Amendments and/or interpretations:		
IFRS 11 Joint Ventures - Annual Improvement Cycle 2015-2017 (published December 2017)	Acquisition of joint control over a joint operation, which constitutes a business.	1 January 2019
IAS 12 Income Tax - Annual Improvement Cycle 2015-2017 (published December 2017)	Recognition of the tax impact of the remuneration of financial instruments classified as equity.	1 January 2019
IAS 23 Borrowing Costs - Annual Improvement Cycle 2015-2017 (published December 2017)	Capitalization of interest on specific outstanding financing of a ready-to-use asset.	1 January 2019
Amendment to IAS 19 Modification, reduction or liquidation of a plan (published in February 2018)	Clarifies how to calculate the cost of the service for the current period and the net interest for the remainder of an annual period when a defined benefit plan is modified, reduced or settled.	1 January 2019

Effective from 1 January 2019, the Group has applied the new IFRS 16, Leases. The application of this new accounting standard gave rise to impacts on the Group's financial situation and results.

IFRS 16, Leases

IFRS 16 superseded IAS 17 and the associated interpretations, and was applied by the Applus Group for the first time on 1 January 2019. IFRS 16 changes the accounting model applied by lessees to substantially all leases (with certain exceptions). The new model consists of recognising in the balance sheet a liability (equal to the present value of the lease payments to be made over the lease term and considered to be highly likely) and a right-of-use asset that is initially measured as an amount equal to the liability plus other items (such as the capitalisation of initial direct costs). In addition, it changes the recognition method for the lease expense in the previous operating leases. What was previously an operating expense becomes a depreciation charge for the asset and a finance cost in relation to the liability recognised. Also, the expense is generally recognised on a diminishing-balance basis rather than a straight-line basis. Additionally, the cash flows from operating activities increase as a result of the increase in the gross profit from operations, offset by a decrease in the cash flows from financing activities of the same amount, since the repayment of the principal portion of the lease liabilities is classified as cash flows from financing activities and, therefore, the cash flows as a whole were not affected.

The Parent's Directors analysed all the leases falling within the scope of this standard, and considered those leases with a value of less than USD 5 thousand or a term of less than a year to be exceptions, which were, therefore, excluded from the scope of the standard. Additionally, financial reporting systems and the controls therein have been developed in order to recognise the leases appropriately.

At the date of transition, a decision was made to apply the modified retrospective approach, i.e. retroactively by recognising the cumulative effect as an adjustment to the opening balance of equity at the date of initial application. Thus, a lease liability at the date of initial application was recognised for leases previously classified as operating leases under IAS 17 for an amount of EUR 181 million, measured in accordance with the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Also, right-of-use assets were recognised amounting to EUR 162 million at the date of initial application in accordance with their carrying amount as if the standard had been applied from the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Therefore, a negative impact of EUR 14 million, net of the related tax effect, was recognised in the Group's equity, including the portion attributable to non-controlling interests and the deferred tax effect associated amounting EUR 4 million. The average incremental interest rate at the date of initial application was 4% in the eurozone and 6.75% in the rest of the world.

In order to determine the lease term, the Group considered whether or not the leases contain unilateral termination and/or renewal clauses that entitle the Group to terminate the leases early or to extend them. In this connection, among other matters, the costs related to terminating the leases were taken into account in determining the likelihood of the renewal thereof.

Lastly, for the purposes of presentation in the consolidated balance sheet, the Group will present right-of-use assets separately from other assets. Lease liabilities are also presented separately under current and non-current liabilities. Note 13 to the accompanying interim condensed consolidated financial statements includes the most relevant information on leases for a proper understanding thereof.

b) *Accounting policies issued but not yet in force in 2019*

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

New standards, amendments and interpretations		**Obligatory application in annual reporting periods beginning on or after:**
Amendments and/or interpretations:		
Amendment to IFRS 3 Definition of business (published October 2018)	Clarifications to the definition of business.	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of "materiality" (published October 2018)	Amendments to IAS 1 and IAS 8 to align the definition of 'materiality' with that contained in the conceptual framework.	1 January 2020
Not yet approved for use in the European Union		
New standards:		
IFRS 17 Insurance Contracts (published May 2017)	Supersedes IFRS 4. It sets out the principles for recording, measuring, presenting and disaggregating insurance contracts so that the entity provides relevant and reliable information that enables users of the information to determine the effect that contracts have on the financial statements.	1 January 2021

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

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

c) *Changes in the scope of consolidation*

c.1) Inclusions in the scope of consolidation in the first half of 2019

The companies included in the scope of consolidation in the first half of 2019 are as follows:

- Companies acquired in the first half 2019:
  - Laboratorios de Ensayos Metrológicos, S.L.
  - A2M Industrie SAS

- Companies incorporated in the first half 2019:
  - Applus Tanzania Limited
  - IDIADA Safety Technology, GmbH (subsequently CTAG - IDIADA Safety Technology Germany, GmbH)
  - Inversiones y Certificaciones Integrales SyC, S.A.

On 28 February 2019, the Applus Group has acquired Laboratorios de Ensayos Metrológicos, S.L. for EUR 2.7 million. The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, EUR 2.5 million euros. The company has been integrated into the Applus + Laboratories division.

On 20 March 2019, the Applus Group acquired A2M Industrie SAS for EUR 6.4 million. Additionally, the agreement includes an earn-out tied to certain financial targets which the acquiree would have to achieve in 2019, 2020 and 2021. The Group considers that the conditions will be met for the earn-out amount to EUR 0.5 million and, accordingly, this amount was considered when determining the acquisition cost. The goodwill resulting from the difference between the fair value of the assets and liabilities assumed, and the cost of the business combination amounts, provisionally, EUR 5.6 million. The company has been integrated into the Applus+ Laboratories division.

At the date of preparation of the interim condensed consolidated financial statements, neither the assets nor liabilities' measurement processed at fair value of the acquisitions described above had been completed and the goodwill allocations is provisional. The Parent's Directors considered that the assets and liabilities' measurement process and the goodwill allocation would be completed in the second half of 2019, and applied retroactively as stated in IFRS 3 – Business Combinations.

c.2) Exclusions from the scope of consolidation in the first half of 2019

On January 2019, Velosi Asia (Luxembourg), Sarl. sold 70% of the shares of Velosi Asset Integrity & Safety (PVT) for USD 3.2 million (EUR 2.8 million), which did not have a material effect on the Group's consolidated statement of profit or loss.

Lastly, in 2019 the Group acquired non-controlling interests, which had a negative impact on consolidated reserves, amounting to EUR 6.8 million.

d) Transactions in currencies other than the Euro

The Group's presentation currency is the Euro. Therefore, all balances and transactions in currencies other than the euro are deemed to be "foreign currency transactions". The main average and closing rates used in the translation to euros of the balances held in foreign currency at 30 June 2019 and 31 December 2018 were as follows:

EUR 1	Currency	30/06/19		31/12/18	
		Average	Closing	Average	Closing
Danish Krone	DKK	7.47	7.47	7.45	7.47
Norwegian Krone	NOK	9.73	9.70	9.59	9.92
Czech Koruna	CZK	25.68	25.46	25.63	25.76
United Arab Emirates Dirham	AED	4.15	4.18	4.34	4.20
Canadian Dollar	CAD	1.51	1.50	1.53	1.53
Singapore Dollar	SGD	1.53	1.54	1.59	1.56
US Dollar	USD	1.13	1.14	1.18	1.14
Papua New Guinean Kina	PGK	3.71	3.75	3.79	3.72
Pound Sterling	GBP	0.87	0.90	0.88	0.90
Argentine Peso	ARS	n/a	48.10	n/a	43.62
Chilean Peso	CLP	762.31	774.29	755.63	785.42
Colombian Peso	COP	3,598.42	3,620.56	3,478.26	3,660.32
Mexican Peso	MXN	21.62	21.83	22.69	22.87
Brazilian Real	BRL	4.34	4.37	4.30	4.43
Qatari Riyal	QAR	4.13	4.16	4.31	4.16
Malaysian Ringgit	MYR	4.65	4.71	4.76	4.75
Saudi Riyal	SAR	4.23	4.27	4.43	4.27
Indonesian Rupiah	IDR	16,025.64	16,051.36	16,778.52	16,501.65
Australian Dollar	AUD	1.60	1.63	1.58	1.60
Peruvian Nuevo Sol	PEN	3.75	3.75	3.88	3.81
Kuwaiti Dinar	KWD	0.34	0.34	0.36	0.35
Guatemalan Quetzal	GTQ	8.68	8.74	8.87	8.79
Chinese Yuan	CNY	7.65	7.81	7.80	7.84

4. Goodwill

The detail, by cash-generating unit, of the Group's goodwill at 30 June 2019 and 2018 year-end is as follows:

Cash-Generating Unit	Thousands of Euros	
	30/06/19	31/12/18
Auto Spain (*)	172,629	172,629
Energy & Industry Northern Europe	103,002	102,997
Energy & Industry North America	98,028	97,758
IDIADA	60,130	60,110
Energy & Industry Seameap	42,105	42,130
Laboratories	67,639	59,483
Auto Finisterre (*)	22,929	22,929
Energy & Industry Spain	11,564	11,564
Energy & Industry Latin America	7,609	7,498
Auto Denmark	6,843	6,843
Auto US (*)	6,141	6,141
Others	1,322	1,256
Total goodwill	**599,941**	**591,338**

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

The changes in the first half of 2019 and in 2018 were as follows:

	Thousands of Euros
Balance at 1 January 2018	**554,861**
Changes in the scope of consolidation	34,245
Translation differences	2,232
Balance at 31 December 2018	**591,338**
Changes in the scope of consolidation (Note 3-c)	8,145
Translation differences	458
Balance at 30 June 2019	**599,941**

5. Other intangible assets

The changes in the first half of 2019 and in 2018 in the intangible asset accounts and in the related accumulated amortisation and impairment losses were as follows:

	30 June 2019 - Thousands of Euros						
	Balance at 1 January 2019	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rates and other	Balance at 30 June 2019
Cost:							
Administrative concessions	264,221	-	298	(196)	402	543	265,268
Patents, licenses and trademarks	272,653	59	-	(1)	-	20	272,731
Administrative authorisations	259,910	-	10	-	6,761	-	266,681
Customer portfolio	171,419	-	-	-	-	343	171,762
Computer software	77,089	44	2,302	(253)	4,766	175	84,123
Goodwill acquired	17,868	230	-	-	-	155	18,253
Assets usage rights	72,442	-	-	-	-	-	72,442
Other	43,586	-	2,178	(25)	(1,117)	459	45,081
Total cost	**1,179,188**	**333**	**4,788**	**(475)**	**10,812**	**1,695**	**1,196,341**
Accumulated amortisation:							
Administrative concessions	(156,219)	-	(11,945)	44	-	(538)	(168,658)
Patents, licenses and trademarks	(123,329)	(59)	(6,283)	1	1	(20)	(129,689)
Administrative authorisations	(112,446)	-	(8,101)	-	(645)	8	(121,184)
Customer portfolio	(94,980)	-	(3,530)	-	-	(85)	(98,595)
Computer software	(63,366)	27	(3,136)	253	2	(162)	(66,382)
Goodwill acquired	(77)	-	-	-	-	-	(77)
Assets usage rights	(42,058)	-	(1,842)	-	-	-	(43,900)
Other	(29,970)	-	(1,580)	-	11	(73)	(31,612)
Total accumulated amortisation	**(622,445)**	**(32)**	**(36,417)**	**298**	**(631)**	**(870)**	**(660,097)**
Total impairment losses	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**518,861**	**301**	**(31,629)**	**(177)**	**10,181**	**825**	**498,362**

In the first half of 2019, the amortisation charge of the intangible assets arising from the process to allocate the price paid on the acquisitions recognised in the accompanying interim condensed consolidated financial statements amounted to EUR 29,539 thousand.

	2018 - Thousands of Euros						
	Balance at 1 January 2018	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rate and other	Balance at 31 December 2018
Cost:							
Administrative concessions	266,440	-	578	(2,474)	101	(424)	264,221
Patents, licenses and trademarks	272,651	(9)	1	(15)	-	25	272,653
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	170,817	501	-	-	-	101	171,419
Computer software	72,789	(1,604)	5,014	(138)	509	519	77,089
Goodwill acquired	17,890	176	-	-	-	(198)	17,868
Assets usage rights	72,442	-	-	-	-	-	72,442
Other	39,613	188	4,670	(11)	(917)	43	43,586
Total cost	**1,172,552**	**(748)**	**10,263**	**(2,638)**	**(307)**	**66**	**1,179,188**
Accumulated amortisation:							
Administrative concessions	(133,703)	-	(25,154)	2,242	-	396	(156,219)
Patents, licenses and trademarks	(110,760)	9	(12,564)	15	-	(29)	(123,329)
Administrative authorisations	(96,608)	-	(15,838)	-	-	-	(112,446)
Customer portfolio	(87,983)	-	(6,937)	-	-	(60)	(94,980)
Computer software	(57,826)	599	(5,878)	137	-	(398)	(63,366)
Goodwill acquired	(78)	-	-	-	-	1	(77)
Assets usage rights	(39,579)	-	(2,485)	-	6	-	(42,058)
Other	(26,236)	(19)	(3,657)	1	(18)	(41)	(29,970)
Total accumulated amortisation	**(552,773)**	**589**	**(72,513)**	**2,395**	**(12)**	**(131)**	**(622,445)**
Total impairment losses	**(37,882)**	-	-	-	-	-	**(37,882)**
Total net value	**581,897**	**(159)**	**(62,250)**	**(243)**	**(319)**	**(65)**	**518,861**

Intangible assets by cash-generating unit

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

	30 June 2019 - Thousands of Euros													
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Others	**Total**
Cost:														
Administrative concessions	92,659	-	-	-	-	-	182	-	17,881	-	-	154,546	-	**265,268**
Patents, licenses and trademarks	18,598	89,405	10,163	58,585	28,210	12,296	40,096	8,833	6,402	1	-	-	142	**272,731**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	6,771	**266,681**
Customer portfolio and other	-	41,532	-	27,146	71,200	-	18,822	4,142	-	8,920	-	-	-	**171,762**
Computer software	4,695	8,578	295	4,361	1,686	8,014	7,778	4,948	10,585	2,835	2,025	1,128	27,195	**84,123**
Goodwill acquired	-	8,037	769	-	3,623	3,810	1,381	265	-	-	368	-	-	**18,253**
Assets usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,442**
Other	545	15,208	804	816	169	19,087	3,968	2,411	1,078	-	938	57	-	**45,081**
Total cost	**283,206**	**162,760**	**105,955**	**90,908**	**104,888**	**79,936**	**72,230**	**55,586**	**35,946**	**11,756**	**3,331**	**155,731**	**34,108**	**1,196,341**
Accumulated amortisation:														
Administrative concessions	(71,957)	-	-	-	-	-	(182)	-	(11,683)	-	-	(84,836)	-	**(168,658)**
Patents, licenses and trademarks	(8,622)	(36,581)	(4,331)	(35,203)	(13,071)	(5,707)	(18,689)	(4,124)	(3,218)	(1)	-	-	(142)	**(129,689)**
Administrative authorisations	(46,135)	-	(74,229)	-	-	-	-	-	-	-	-	-	(820)	**(121,184)**
Customer portfolio and other	-	(19,243)	-	(22,783)	(32,647)	-	(18,822)	(2,194)	-	(2,906)	-	-	-	**(98,595)**
Computer software	(4,034)	(5,983)	(185)	(3,263)	(1,058)	(6,364)	(7,091)	(4,065)	(7,828)	(2,265)	(1,991)	(984)	(21,271)	**(66,382)**
Goodwill acquired	-	-	-	-	-	-	(71)	(6)	-	-	-	-	-	**(77)**
Assets usage rights	(723)	-	-	-	-	(19,938)	(3)	(23,236)	-	-	-	-	-	**(43,900)**
Other	(494)	(9,335)	(595)	(102)	-	(14,374)	(3,490)	(2,144)	(1,078)	-	-	-	-	**(31,612)**
Total accumulated amortisation	**(131,965)**	**(71,142)**	**(79,340)**	**(61,351)**	**(46,776)**	**(46,383)**	**(48,348)**	**(35,769)**	**(23,807)**	**(5,172)**	**(1,991)**	**(85,820)**	**(22,233)**	**(660,097)**
Total impairment losses (Note 6)	**(7,051)**	**(16,744)**	**(8,115)**	**-**	**-**	**-**	**-**	**-**	**(5,972)**	**-**	**-**	**-**	**-**	**(37,882)**
Total net value	**144,190**	**74,874**	**18,500**	**29,557**	**58,112**	**33,553**	**23,882**	**19,817**	**6,167**	**6,584**	**1,340**	**69,911**	**11,875**	**498,362**

	2018 - Thousands of Euros													
	Auto Spain	Energy & Industry Northern Europe	Auto Finland	Energy & Industry Seameap	Energy & Industry North America	IDIADA	Energy & Industry Spain	Laboratories	Auto US	Energy & Industry Latin America	Auto Denmark	Auto Finisterre	Others	**Total**
Cost:														
Administrative concessions	92,659	-	-	-	-	-	182	-	17,881	-	-	153,499	-	**264,221**
Patents, licenses and trademarks	18,598	89,405	10,163	58,565	28,210	12,295	40,096	8,776	6,402	1	-	-	142	**272,653**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio and other	-	41,532	-	27,147	70,974	-	18,822	4,142	-	8,802	-	-	-	**171,419**
Computer software	4,689	7,562	295	4,382	1,208	7,253	7,600	4,815	10,347	2,725	2,024	1,098	23,091	**77,089**
Goodwill acquired	-	7,979	769	-	3,539	3,567	1,381	265	-	-	368	-	-	**17,868**
Assets usage rights	723	-	-	-	-	36,729	3	34,987	-	-	-	-	-	**72,442**
Other	545	14,912	796	248	169	18,335	4,076	2,380	1,077	-	938	110	-	**43,586**
Total cost	**283,200**	**161,390**	**105,947**	**90,342**	**104,100**	**78,179**	**72,160**	**55,365**	**35,707**	**11,528**	**3,330**	**154,707**	**23,233**	**1,179,188**
Accumulated amortisation:														
Administrative concessions	(70,431)	-	-	-	-	-	(182)	-	(11,458)	-	-	(74,148)	-	**(156,219)**
Patents, licenses and trademarks	(8,250)	(35,235)	(4,163)	(32,718)	(12,506)	(5,461)	(17,891)	(3,891)	(3,071)	(1)	-	-	(142)	**(123,329)**
Administrative authorisations	(42,503)	-	(69,943)	-	-	-	-	-	-	-	-	-	-	**(112,446)**
Customer portfolio and other	-	(18,413)	-	(22,617)	(30,496)	-	(18,822)	(2,056)	-	(2,576)	-	-	-	**(94,980)**
Computer software	(3,880)	(5,578)	(131)	(3,066)	(990)	(5,923)	(6,914)	(3,899)	(7,582)	(2,079)	(1,973)	(926)	(20,425)	**(63,366)**
Goodwill acquired	-	-	-	-	-	-	(71)	(6)	-	-	-	-	-	**(77)**
Assets usage rights	(723)	-	-	-	-	(18,504)	(3)	(22,828)	-	-	-	-	-	**(42,058)**
Other	(467)	(8,834)	(546)	-	-	(13,559)	(3,365)	(2,122)	(1,077)	-	-	-	-	**(29,970)**
Total accumulated amortisation	**(126,254)**	**(68,060)**	**(74,783)**	**(58,401)**	**(43,992)**	**(43,447)**	**(47,248)**	**(34,802)**	**(23,188)**	**(4,656)**	**(1,973)**	**(75,074)**	**(20,567)**	**(622,445)**
Total impairment losses (Note 6)	**(7,051)**	**(16,744)**	**(8,115)**	-	-	-	-	-	**(5,972)**	-	-	-	-	**(37,882)**
Total carrying amount	**149,895**	**76,586**	**23,049**	**31,941**	**60,108**	**34,732**	**24,912**	**20,563**	**6,547**	**6,872**	**1,357**	**79,633**	**2,666**	**518,861**

6. Impairment of assets

The Group Executive Committee reviews the business performance by business type and geographical area at the end of each year. The Cash-Generating Units at which there is any indication of impairment are also tested for impairment by the Group Executive Committee at interim closes.

The Parent's Directors considered that there were no significant indications of impairment for any of its Cash-Generating Units at 30 June 2019 and, accordingly, no impairment losses were recognised.

7. Property, plant and equipment

The changes in the first half of 2019 and in 2018 in the various property, plant and equipment accounts and in the related accumulated depreciation and provisions were as follows:

	30 June 2019 - Thousands of Euros						
	Balance at 1 January 2019	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rate and other	Balance at 30 June 2019
Cost:							
Land and buildings	170,572	896	342	(405)	(3,385)	477	168,497
Plant and machinery	292,313	2,261	10,989	(715)	706	455	306,009
Other fixtures, tools and furniture	72,479	82	1,003	(88)	(1,259)	66	72,283
Other items of property, plant and equipment	82,118	2,457	2,124	(18,141)	(429)	5,028	73,157
Advances and property, plant and equipment in progress	22,158	-	6,038	(30)	(6,441)	21	21,746
Grants	(698)	-	-	71	-	-	(627)
Total cost	**638,942**	**5,696**	**20,496**	**(19,308)**	**(10,808)**	**6,047**	**641,065**
Accumulated depreciation:							
Land and buildings	(69,935)	(233)	(2,776)	115	489	(405)	(72,745)
Plant and machinery	(207,940)	(2,192)	(10,791)	444	60	(447)	(220,866)
Other fixtures, tools and furniture	(58,909)	(60)	(1,427)	79	5	(63)	(60,375)
Other items of property, plant and equipment	(79,484)	(600)	(2,480)	17,732	73	(264)	(65,023)
Total accumulated depreciation	**(416,268)**	**(3,085)**	**(17,474)**	**18,370**	**627**	**(1,179)**	**(419,009)**
Total impairment losses	**(2,100)**	-	**(1,000)**	**551**	-	-	**(2,549)**
Total net value	**220,574**	**2,611**	**2,022**	**(387)**	**(10,181)**	**4,868**	**219,507**

	2018 - Thousands of Euros						
	Balance at 1 January 2018	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Change in exchange rate and other	Balance at 31 December 2018
Cost:							
Land and buildings	157,579	929	3,108	(1,980)	6,549	4,387	170,572
Plant and machinery	262,054	5,900	15,348	(2,602)	9,944	1,669	292,313
Other fixtures, tools and furniture	71,896	(26)	1,224	(1,117)	132	370	72,479
Other items of property, plant and equipment	72,503	5,674	3,975	(1,353)	(548)	1,867	82,118
Advances and property, plant and equipment in progress	21,502	64	17,417	(1,458)	(15,365)	(2)	22,158
Grants	(714)	-	-	15	-	1	(698)
Total cost	**584,820**	**12,541**	**41,072**	**(8,495)**	**712**	**8,292**	**638,942**
Accumulated depreciation:							
Land and buildings	(62,437)	(387)	(5,453)	890	722	(3,270)	(69,935)
Plant and machinery	(182,007)	(3,539)	(20,794)	1,743	(1,961)	(1,382)	(207,940)
Other fixtures, tools and furniture	(56,546)	65	(2,978)	901	(21)	(330)	(58,909)
Other items of property, plant and equipment	(71,486)	(3,483)	(3,596)	30	867	(1,816)	(79,484)
Total accumulated depreciation	**(372,476)**	**(7,344)**	**(32,821)**	**3,564**	**(393)**	**(6,798)**	**(416,268)**
Total impairment losses	**(1,948)**	-	**(1,000)**	**848**	-	-	**(2,100)**
Total net value	**210,396**	**5,197**	**7,251**	**(4,083)**	**319**	**1,494**	**220,574**

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

8. Non-current financial assets

Note 8 to the consolidated financial statements for 2018 details the various items included under this heading.

In the first half of 2019 there have not been significant changes with respect to 31 December 2018.

At 30 June 2019, "Non-Current Financial Assets" included EUR 3.4 million (December 2018: EUR 4.4 million) relating to restricted cash deposits securing certain agreements entered into.

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

The detail of these headings at 30 June 2019 and 31 December 2018 is as follows:

	Thousands of Euros	
	30/06/19	31/12/18
Trade receivables for sales and services	282,305	298,910
Work in progress	144,039	103,081
Provisions for doubtful debts	(29,871)	(27,573)
Trade receivables for sales and services	**396,473**	**374,418**
Trade receivables from related companies (Note 18)	64	72
Other receivables	12,844	9,505
Other accounts receivable from public authorities	6,277	7,008
Total trade and other receivables	**415,658**	**391,003**

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

The changes in "Allowance for doubtful debts", in the first half of 2019 and in 2018 is as follows:

	Thousands of Euros
Balance at 1 January 2018	**35,398**
Additions	7,235
Amounts used	(8,130)
Disposals	(7,438)
Effects of exchange rate changes	508
Balance at 31 December 2018	**27,573**
Additions	4,838
Amounts used	(2,361)
Disposals	(252)
Effects of exchange rate changes	73
Balance at 30 June 2019	**29,871**

10. Equity

a) *Share capital*

At 30 June 2019 and 31 December 2018, the Parent's share capital was represented by 143,018,430 fully subscribed and paid-up ordinary shares of EUR 0.10 par value each.

As per the notifications of the number of shares submitted to the Spanish National Securities Market Commission (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 30 June 2019 were as follows:

Company	% of share
Eleva Capital	5.48%
River & Mercantile Group P.L.C.	5.05%
Threadneedle Asset Management Limited	4.99%
Norges Bank	4.98%

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

b) *Reserves and share premium*

The Parent's legal reserve at 30 June 2019 amounts to EUR 2,860 thousand which is equivalent to the 20% of capital.

The total amount of share premium at 30 June 2019 is EUR 449,391 thousand and it is fully available.

c) *Treasury shares*

At 30 June 2019, the Group held a total of 93,849 treasury shares at an average cost of EUR 12.02 per share. The value of these treasury shares totalled EUR 1,128 thousand, which is recognised under "Treasury Shares" in the accompanying interim condensed consolidated statement of financial position at 30 June 2019.

At 31 December 2018, the Group held a total of 283,400 treasury shares at an average cost of EUR 12.01 per share. The value of these treasury shares totalled EUR 3,405 thousand.

In February and March 2019 the Group delivered to the Senior Executives, the Group Executive Comitee and certain executives a total of 189,551 shares, in accordance with the incentive plan granted (see Note 19).

d) *Distribution of profit*

At 30 May 2019, the shareholders at the Annual General Meeting of the Parent Company resolved to allocate EUR 31,997 thousand of the Parent's profit for 2018 to dividends for a value of EUR 21,453 thousand and to unrestricted reserves for a value of EUR 10,544 thousand.

The resulting distributed dividend was, therefore, 0.15 euros per share for all outstanding shares with the right to receive dividends.

On 4 July 2019 this dividend was paid.

e) Earnings per share

Earnings per share is calculated on the basis of the profit attributable to the shareholders of the Parent divided by the average number of ordinary shares outstanding in the year. The detail of earnings per share at 30 June 2019 and 2018 is as follows:

	30/06/19	30/06/18
Number of shares	143,018,430	143,018,430
Average number of shares	143,018,430	143,018,430
Net consolidated profit attributable to the Parent (thousands of euros)	30,265	22,209
Number of treasury shares	93,849	13,400
Total number of shares	143,018,430	143,018,430
Earnings per share (in euros per share):		
- Basic	0.212	0.155
- Diluted	0.212	0.155

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

f) Foreign currency translation reserve

The detail of "Foreign currency translation reserve" in the interim condensed consolidated statement of financial position as at 30 June 2019 and the consolidated statement of financial position as at 31 December 2018 is as follows:

	Thousands of Euros	
	30/06/19	31/12/18
Applus+ Energy & Industry	(7,203)	(9,666)
Applus+ Laboratories	(313)	(395)
Applus+ Automotive	(39,337)	(40,410)
Applus+ IDIADA	53	15
Others	946	2,377
Total	**(45,854)**	**(48,079)**

g) Non-controlling interests

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

	30 June 2019 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	15,445	920	16,365
IDIADA Automotive Technology, S.A. subgroup	9,324	2,514	11,838
Arctosa Holding B.V. subgroup	178	93	271
Velosi S.à.r.l. subgroup	9,586	2,723	12,309
Applus Iteuve Technology, S.L.U. subgroup	7,936	4,852	12,788
Total non-controlling interests	**42,469**	**11,102**	**53,571**

	2018 - Thousands of Euros		
	Share capital and reserves	Profit (Loss)	Total
LGAI Technological Center, S.A. subgroup	14,436	1,204	15,640
IDIADA Automotive Technology, S.A. subgroup	8,129	4,683	12,812
Arctosa Holding B.V. subgroup	201	(91)	110
Velosi S.à.r.l. subgroup	11,892	4,929	16,821
Applus Iteuve Technology, S.L.U. subgroup	1,038	8,261	9,299
Total non-controlling interests	**35,696**	**18,986**	**54,682**

11. Obligations and bank borrowings

The detail, by maturity, of the obligations and bank borrowings at 30 June 2019 and 31 December 2018 in the interim condensed consolidated statement of financial position is as follows:

	30 June 2019 - Thousands of Euros							
			Non-current maturity					
	Limit	**Current maturity**	2020	2021	2022	2023 onwards	**Total**	**Total**
Facility A “Term Loan”	**200,000**	-	-	-	-	200,000	**200,000**	**200,000**
Facility B “Revolving Credit Facility”	**400,000**	-	-	-	-	140,000	**140,000**	**140,000**
US Private Placement	**230,000**	-	-	-	-	230,000	**230,000**	**230,000**
Accrued interests	-	**2,782**	-	-	-	-	-	**2,782**
Debt Arrangement fees	-	**(975)**	(490)	(973)	(973)	(840)	**(3,276)**	**(4,251)**
Other loans	-	**141**	77	211	211	372	**871**	**1,012**
Credit facilities	**120,214**	**32,910**	-	-	-	-	-	**32,910**
Obligations under finance leases	-	**2,276**	934	1,327	578	409	**3,248**	**5,524**
Total	**950,214**	**37,134**	**521**	**565**	**(184)**	**569,941**	**570,843**	**607,977**

	2018 - Thousands of Euros							
			Non-current maturity					
	Limit	**Current maturity**	2020	2021	2022	2023 onwards	**Total**	**Total**
Facility A “Term Loan”	**200,000**	-	-	-	-	200,000	**200,000**	**200,000**
Facility B “Revolving Credit Facility”	**400,000**	-	-	-	-	180,000	**180,000**	**180,000**
US Private Placement	**230,000**	-	-	-	-	230,000	**230,000**	**230,000**
Accrued interests	-	**3,096**	-	-	-	-	-	**3,096**
Debt Arrangement fees	-	**(973)**	(975)	(973)	(973)	(840)	**(3,761)**	**(4,734)**
Other loans	-	**10**	-	-	-	-	-	**10**
Credit facilities	**125,322**	**7,604**	-	-	-	-	-	**7,604**
Obligations under finance leases	-	**246**	93	72	32	25	**222**	**468**
Total	**955,322**	**9,983**	**(882)**	**(901)**	**(941)**	**609,185**	**606,461**	**616,444**

On 11 July 2018, the Applus Group repaid the syndicated loan existing at the time early and entered into a new loan agreement with a syndicate of nine banks and a private placement with two US institutional investors. As a result, the Group improved the terms and conditions of the previous syndicated loan by changing, inter alia, the currencies, interest rates, maturities and lenders. These new debt contracts do not include any pledge on shares of any of the Group companies, and all previously granted share pledges have been cancelled.

The consolidated Group's debt structure is composed of a portion of bank borrowings and a placement of private debt with institutional investors. The bank borrowings, supplied by nine international banks, consist of a multi-currency syndicated loan of EUR 600 million, which comprises a Facility A "Term Loan" of EUR 200 million and a Facility B "Revolving Credit Facility" of EUR 400 million. The total amount of the private debt is EUR 230 million.

a) *Syndicated loan and private placement debt*

The syndicated loan bears interest at Euribor for tranches in euros and at Libor for tranches in foreign currency (currently not drawn down) plus a spread based on a leverage grid; on 30 June 2019, 1.10% for Facility A and 0.80% for Facility B.

All the tranches had an initial single maturity at 27 June 2023, which may be extended for a total of two additional years at the end of the first and second years. On 27 June 2019 all tranches have been extended to 27 June 2024.

The private placement debt is placed from two US institutional investors. The structure includes a tranche of EUR 150 million maturing on 27 June 2025 and a tranche of EUR 80 million maturing on 27 June 2028. The blended average fixed interest rate of the private placement debt is 2.03%.

The Group debt structure at 30 June 2019 and at 31 December 2018 is as follows:

First half of 2019

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A "Term Loan"	200,000	200,000	27/06/24
Facility B "Revolving Credit Facility"	400,000	140,000	27/06/24
US Private Placement - 7 years	150,000	150,000	27/06/25
US Private Placement - 10 years	80,000	80,000	27/06/28
Accrued Interests	-	2,782	
Debt arrangement fees	-	(4,251)	
Total	**830,000**	**568,531**	

2018

Tranche	Thousands of Euros		Maturity
	Limit	Amount drawn + interest added to principal	
Facility A "Term Loan"	200,000	200,000	27/06/23
Facility B "Revolving Credit Facility"	400,000	180,000	27/06/23
US Private Placement - 7 years	150,000	150,000	27/06/25
US Private Placement - 10 years	80,000	80,000	27/06/28
Accrued Interests	-	3,096	
Debt arrangement fees	-	(4,734)	
Total	**830,000**	**608,362**	

EUR 200 million have been fully drawn down against the "Facility A" tranche.

At 30 June 2019, EUR 140 million have been drawn down against the "Facility B" tranche.

The private placement has been drawn down in full, EUR 230 million.

a.1) Obligations and restrictions related to the syndicated loan and private debt

Both the new syndicated loan and the private placement debt are subject to the achievement of certain financial ratios, being the main one defined as net consolidated debt to consolidated EBITDA, that must be less than 4.0x, tested every six months at 30 June and 31 December.

At 30 June 2019, the ratio, calculated on the basis of the contractually established definitions of Net consolidated debt and consolidated EBITDA, was 2.1x.

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

The Group also has to fulfil certain obligations under the syndicated loan and the private placement agreement which relate mainly to disclosure requirements concerning its financial statements and negative undertakings to not perform certain transactions without the lender's consent, such as certain mergers or changes of business activity (see Note 17-b).

a.2) Guarantees given

None of Applus Group subsidiaries have their shares pledged to secure the financial debt.

b) Credit facilities and other loans

The credit facilities and loans accrue interest at Euribor and Libor plus a market spread.

The Group entered into a non-recourse factoring agreement to sell outstanding receivables from customers for up to a maximum of EUR 20 million bearing interest at the market rate, of which EUR 13,039 thousand had been drawn down at 30 June 2019 (2018 year-end: EUR 15,619 thousand).

c) Disclosure for currency of obligations and bank borrowings

The detail, by currency, of the main current and non-current obligations and bank borrowings and other financial liabilities at 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019 - Thousands of Euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	338,531	-	-	-	-	-	**338,531**
US Private Placement	230,000	-	-	-	-	-	**230,000**
Others loans	1,012	-	-	-	-	-	**1,012**
Credit facilities	25,595	-	10	892	6,378	35	**32,910**
Finance leases	19	5,176	124	-	-	205	**5,524**
Total	**595,157**	**5,176**	**134**	**892**	**6,378**	**240**	**607,977**

	2018 - Thousands of Euros						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	Total
Syndicated loan	378,362	-	-	-	-	-	**378,362**
US Private Placement	230,000	-	-	-	-	-	**230,000**
Others loans	10	-	-	-	-	-	**10**
Credit facilities	2,522	21	2	367	4,464	228	**7,604**
Finance leases	-	104	158	-	-	206	**468**
Total	**610,894**	**125**	**160**	**367**	**4,464**	**434**	**616,444**

12. Financial risks and derivative financial instruments

In the first six months of 2019 and in 2018, the Applus Group had not arranged any derivative financial instruments.

The financial risks to which the Group is exposed are the same as those indicated in Note 16 to the consolidated financial statements for 2018.

13. Leases

a) Amounts recognised in the interim condensed consolidated statement of financial position

The amounts related to operating leases recognised in the interim condensed consolidated statement of financial position as at 30 June 2019 is as follows:

Rights of use

	Thousands of Euros	
	Net value	
	30/06/19	01/01/19
Rights of use		
Offices	86,785	87,541
Rights of use of facilities (fixed levies)	35,060	37,272
Vehicles	19,027	27,524
Machinery	6,314	4,345
Land	3,048	2,863
Hardware	1,881	2,381
Total	**152,115**	**161,926**

Lease liabilities

	Thousands of Euros	
	30/06/19	01/01/19
Lease liabilities		
Current	45,973	50,059
Non-current	124,767	131,071
Total	**170,740**	**181,130**

b) Amounts recognised in the interim condensed consolidated statement of profit or loss

At 30 June 2019, the amounts related to leases recognised in the interim condensed consolidated statement of profit or loss are as follows: amortisation of the right-of-use assets for an amount of EUR 23,197 thousand, basically offices and vehicles; finance costs on lease liabilities for an amount of EUR 4,062 thousand (Note 14-b); and operating expenses related to leases of low-value assets not considered in a short-term, short-term leases and, variable lease payments not included in the measurement of lease liabilities, for an amount of EUR 28,926 thousand, which correspond, basically, to auto stations' variable rent levies of the Automotive division for an amount of EUR 17,991.

The consolidated EBITDA impact corresponds to minor operating lease expenses amounting EUR 27,325 thousand.

c) Amounts recognised in the interim condensed consolidated statement of cash flows

In the six month period ended 30 June 2019, the total amount of cash outflows relating to leases amounted to EUR 27,325 thousand.

d) Leases in which the Group acts as lessee

All amounts recognised in the interim condensed consolidated statement of financial position relate to leases in which the Group acts as lessee.

The main rights of use assets of the Group include two levies of surface rights of Applus+ Laboratories in Bellaterra and Applus+ IDIADA in L'Albornar (Catalonia, Spain) with maturities 2033 and 2024 respectively.

In the first half of 2019, the Group has not recognised gains or losses arising from sale and leaseback transactions.

14. Operating income and expenses

a) Staff costs

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

	Thousands of Euros	
	30/06/19	30/06/18
Wages, salaries and similar expenses	382,029	352,400
Severances	2,215	3,373
Employee benefit costs	57,066	53,732
Other staff costs	35,626	37,023
Total	**476,936**	**446,528**

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

	Average number of employees		
	First half of 2019		
Professional category	Men	Women	Total
Top management	154	23	177
Middle management	448	100	548
Supervisors	1,064	263	1,327
Operational employees & others	16,320	4,032	20,352
Total	**17,986**	**4,418**	**22,404**

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

Also, the distribution of the workforce, by gender and category at the end of the first half of 2019 and 2018, is as follows:

Professional category	Number of employees 30/06/19		
	Men	Women	Total
Top management	150	23	173
Middle management	431	98	529
Supervisors	1,047	259	1,306
Operational employees & others	16,618	3,982	20,600
Total	**18,246**	**4,362**	**22,608**

Professional category	Number of employees 30/06/18		
	Men	Women	Total
Top management	165	24	189
Middle management	445	126	571
Supervisors	1,088	233	1,321
Operational employees & others	15,908	3,664	19,572
Total	**17,606**	**4,047**	**21,653**

b) *Financial result*

The breakdown of the financial loss in the first half of 2019 and 2018 is as follows:

	Thousands of Euros	
	30/06/19	30/06/18
Finance income:		
Other finance income from third parties	1,130	1,244
Total finance income	**1,130**	**1,244**
Finance costs:		
Borrowing costs relating to syndicated loan and private debt (Note 11)	(5,006)	(6,451)
Other finance costs paid to third parties	(2,281)	(2,860)
Finance costs on leasing liabilities (Note 13)	(4,062)	-
Exchange differences	87	(1,234)
Total finance costs	**(11,262)**	**(10,545)**
Gains or losses on the net monetary position	(1,375)	-
Total financial result	**(11,507)**	**(9,301)**

15. Corporate income tax

15.1 Deferred tax assets

The detail of "Deferred Tax Assets" recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2019 and the consolidated statement of financial position as at 31 December 2018 is as follows:

	Thousands of Euros	
	30/06/19	31/12/18
Tax credit for tax loss carryforwards	35,376	38,461
Withholding taxes and other tax credits	13,316	12,400
Temporary differences	20,357	15,877
Total deferred tax assets	**69,049**	**66,738**

15.2 Deferred tax liabilities

"Deferred Tax Liabilities" in the accompanying interim condensed consolidated statement of financial position as at 30 June 2019 and the consolidated statement of financial position as at 31 December 2018 includes mainly the following items:

	Thousands of Euros	
	30/06/19	31/12/18
Temporary differences associated with:		
recognition at fair value of the identifiable assets in acquisitions of business combinations	106,624	113,238
depreciation and amortisation and measurement of assets and goodwill	18,354	17,745
impact of Royal Decree-Law 3/2016	4,500	4,500
amortisation of goodwill paid in the acquisition of foreign companies by Spanish companies	5,826	5,489
other deferred tax liabilities	9,380	10,043
Total deferred tax liabilities	**144,684**	**151,015**

15.3 Years open for review and tax audits

In 2019 tax audits were commenced by the Spanish tax authorities at certain Spanish companies part of tax group 238/08 in relation to the following taxes: Income tax (2014 to 2017), VAT (2015 to 2017) and income tax withholdings and prepayments (2015 to 2017). The tax audits are at the documentation submission phase. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. However, the possible tax contingencies are not expected to have a significant impact on the Group's equity position.

The foreign companies have the years provided for in the legislation in force in each respective country open for review, plus all those tax audits which are underway. The Parent's Directors do not expect any additional significant liabilities to arise in the event of a tax audit.

Note 20-f to the consolidated financial statements for 2018 details the main audit and tax contingencies the Group faces. In this connection, there have been no significant developments in the first half of 2019, except for those stated above, with respect to the main inspection procedures in progress and the Parent's Directors do not expect significant additional liabilities to arise.

16. Segmented information

a) Financial information by business segment

In the first half of 2019 the Group operated through four operating divisions and a holding division, each of which is considered to be a segment for financial reporting purposes.

The financial information in the interim condensed consolidated statement of profit or loss by segment in the first half of 2019 and of 2018 is as follows (in thousands of euros):

First half of 2019

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	515,175	43,955	197,535	119,100	28	875,793
Operating expenses	(476,419)	(38,139)	(145,927)	(103,206)	(13,884)	(777,575)
Adjusted Operating Profit	**38,756**	**5,816**	**51,608**	**15,894**	**(13,856)**	**98,218**
Amortisation of non-current assets identified in business combinations	(8,525)	(713)	(18,621)	(1,680)	-	(29,539)
Impairment and gains or losses on disposal of non-current assets and other results						(1,015)
Operating Profit						**67,664**

First half of 2018

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Revenue	481,916	34,620	191,107	105,111	16	812,770
Operating expenses	(449,271)	(30,583)	(145,316)	(91,476)	(13,834)	(730,480)
Adjusted Operating Profit	**32,645**	**4,037**	**45,791**	**13,635**	**(13,818)**	**82,290**
Amortisation of non-current assets identified in business combinations	(8,488)	(713)	(19,291)	(1,080)	-	(29,572)
Impairment and gains or losses on disposal of non-current assets and other results						(1,112)
Operating Profit						**51,606**

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

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

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

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

The non-current assets and total liabilities, by business segment, at 30 June 2019 and 31 December 2018 are as follows (in thousands of euros):

30 June 2019

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	262,308	67,639	208,542	60,130	1,322	**599,941**
Other intangible assets	193,009	19,817	240,108	33,553	11,875	**498,362**
Right-of-use assets	47,118	20,161	44,661	38,449	1,726	**152,115**
Property, plant and equipment	82,734	17,563	81,761	36,953	496	**219,507**
Investments accounted for using the equity method	752	-	-	-	-	**752**
Non-current financial assets	21,966	688	4,467	1,015	(72)	**28,064**
Deferred tax assets	28,457	1,717	5,450	1,818	31,607	**69,049**
Total non-current assets	**636,344**	**127,585**	**584,989**	**171,918**	**46,954**	**1,567,790**
Total liabilities	**294,446**	**59,730**	**238,447**	**121,338**	**648,246**	**1,362,207**

31 December 2018

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
Goodwill	261,947	59,483	208,542	60,110	1,256	**591,338**
Other intangible assets	200,419	20,563	260,481	34,732	2,666	**518,861**
Property, plant and equipment	78,891	14,169	90,374	33,220	3,920	**220,574**
Investments accounted for using the equity method	724	-	-	-	-	**724**
Non-current financial assets	21,088	678	4,673	879	202	**27,520**
Deferred tax assets	26,284	739	4,909	1,054	33,752	**66,738**
Total non-current assets	**589,353**	**95,632**	**568,979**	**129,995**	**41,796**	**1,425,755**
Total liabilities	**241,200**	**35,152**	**177,010**	**91,621**	**641,602**	**1,186,585**

The additions to intangible assets and property, plant and equipment, by business segment, in the first half of 2019 and 2018 were as follows (in thousands of euros):

	Applus+ Energy & Industry	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Others	Total
CAPEX - first half of 2019	10,646	4,243	2,271	7,425	699	**25,284**
CAPEX - first half of 2018	10,305	1,515	3,218	3,286	162	**18,486**

b) Financial information by geographical segment

Since the Group has presence in several countries, the information has been grouped by geographical area.

The detail of sales by geographical area in the first half of 2019 and 2018 is as follows:

	Thousands of Euros	
	30/06/19	30/06/18
Spain	195,405	182,500
Rest of Europe	240,622	224,412
US and Canada	159,500	147,415
Asia and Pacific	95,793	93,178
Middle East and Africa	89,292	84,332
Latin America	95,181	80,933
Total	**875,793**	**812,770**

The detail of the non-current assets by geographical area at 30 June 2019 and 31 December 2018 is as follows (in thousands of euros):

Total non-current assets	Spain	Rest of Europe	US and Canada	Asia and Pacific	Latin America	Middle East and Africa	Total
30 June 2019 (*)	800,145	304,549	265,621	105,001	74,708	17,766	**1,567,790**
31 December 2018	740,322	279,742	245,190	83,353	69,595	7,553	**1,425,755**

(*) Rights of use included (Note 13)

17. Non-current provisions, obligations acquired and contingencies

a) Non-current provisions

Note 17 to the consolidated financial statements for 2018 details the various items included under this heading.

In the first half of 2019 there were no significant changes with respect to 31 December 2018.

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

b) Guarantees and obligations acquired

Note 27-a to the consolidated financial statements for 2018 details the guarantees provided by the Group.

In the first half of 2019 there were no significant changes in the guarantees granted with respect to 31 December 2018.

The Parent's Directors do not expect any material liabilities additional to those recognised in the accompanying interim condensed consolidated statement of financial position as at 30 June 2019 to arise as a result of the transactions described in Note 27-a to the consolidated financial statements for 2018.

c) Contingencies

Note 27-b to the consolidated financial statements for 2018 details the main contingencies the Group faces.

There were no changes in this connection in the first half of 2019.

At 30 June 2019, the Parent's Directors were not aware of any significant claims brought by third parties or of any ongoing legal proceedings against the Group that, in their opinion, could have a material impact on these interim condensed consolidated financial statements.

18. Transactions and balances with related parties

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

- The significant shareholders of Applus Services, S.A., 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 one member of the Board of Directors.

- The Directors and Senior Executive, as well as close family members of those persons. "Directors" means a member of the Board of Directors and "Senior Executive" means persons reporting directly to the Board of Directors or to the Chief Executive Officer (CEO) of the Group.

- Associates of the Group.

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

The transactions between the Group and its related companies, which are performed at arm's length basis and in line with market conditions, are described below:

Transactions with related companies

In the first half of 2019, the Parent and its subsidiaries did not perform any transactions with related companies.

The transactions and balances between the Applus Group and related parties (Directors and Senior Executives) are disclosed in Note 19.

There were no transactions or significant amounts outstanding with the Group's significant shareholders in the first half of 2019 and 2018.

Balances with related companies

a) Receivables from related companies:

	Thousands of Euros	
	Trade receivables from related companies	
	30/06/19	31/12/18
Velosi (B) Sdn Bhd	64	72
Total	**64**	**72**

b) Payables to related companies:

	Thousands of Euros	
	Trade and other payables to related companies	
	30/06/19	31/12/18
Velosi (B) Sdn Bhd	3	3
Total	**3**	**3**

19. Disclosures on the Board of Directors and Senior Executives

Remuneration of and obligations to the Board of Directors

At the Annual General Meeting held on 30 May 2019, the Shareholders resolved to expand the Board of Directors to comprise 10 members by ratifying the appointment of 2 new independent Directors and appointing a new Executive Director.

The detail of the remuneration earned by the Executive Directors and the Parent's Directors (including employee benefits) in the first half of 2019 and of 2018 is as follows:

a) Biannual remuneration:

	Thousands of Euros					
	30/06/19			30/06/18		
	Executive Directors	Members of the Board of Directors	Total	Executive Director	Members of the Board of Directors	Total
Fixed remuneration	538	-	538	375	-	375
Variable remuneration	389	-	389	188	-	188
Other items	69	-	69	36	-	36
Non Executive Chairman and Independent Directors	-	323	323	-	305	305
Corporate Social Responsibility Committee	-	25	25	-	25	25
Appointments & Compensation Committee	-	35	35	-	35	35
Audit Committee	-	42	42	-	35	35
Total	**996**	**425**	**1,421**	**599**	**400**	**999**

Fixed remuneration includes RSUs amounting to EUR 29 thousand corresponding to the Chief Financial Officer. These RSUs will be convertible to shares three years after the date on which they were granted.

60.3% of the Executive Directors variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year. These RSUs amounted to EUR 155 thousand in the six-month period ended 30 June 2019.

The detail of the RSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2018 and in the Remuneration Report.

In the first half of 2019 the Executive Directors and the members of the Board of Directors did not earn or receive any termination benefits.

Additionally to the aforementioned concepts before, the pension plan benefits earned by the Executive Directors in the first half of 2019 amounted to EUR 23 thousand.

b) Long-Term Incentive (LTI):

Under the remuneration policy in force since 2016, the Executive Directors receive performance stock units (PSUs) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in this connection amounted to EUR 244 thousand in the first half of 2019.

The detail of the PSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2018 and in the Remuneration Report.

At 30 June 2019, no loans or advances had been granted to the members of the Parent's Board of Directors.

Executive Directors have arranged life insurance detailed in the table above in "Other items". No material pension or life insurance obligations were incurred with the members of the Non-Executive Parent's Board of Directors.

The Parent's Board of Directors at 30 June 2019 is made up of 7 men and 3 women and at 31 December 2018 is made up of 6 men and 1 woman.

Remuneration of and obligations to Senior Executives

Senior Executives are those who were part of the Group's Management. In relation to remuneration information, the internal auditor was also included, as defined in current accounting legislation and, in particular, in the Report of the Special Working Group on the Good Governance of Listed Companies published by the Spanish National Securities Market Commission (CNMV) on 16 May 2006.

The breakdown, by item, of the remuneration earned in the first half of 2019 and of 2018 by the Group's Senior Executives is as follows:

a) Remuneration for the half-year period:

	Thousands of Euros	
	30/06/19	30/06/18
Fixed remuneration	1,892	1,661
Variable remuneration	968	569
Other items	256	350
Termination benefits	-	378
Pension plans	53	43
Total	**3,169**	**3,001**

The fixed remuneration of certain Senior Executives includes a portion in RSUs amounting to EUR 153 thousand, which are convertible to shares three years after the date on which they are granted.

57.8% of the Senior Executives' variable remuneration is given in cash, with the rest comprising RSUs convertible to shares three years after the date on which they are granted, 30% of which are granted in each of the first two years and the remaining 40% are granted in the third year.

The detail of the plans in force is disclosed in Note 29 to the Consolidated Financial Statements for 2018.

b) Multiannual remuneration and long-term incentive:

Under the remuneration policy in force since 2016, the Senior Executives receive performance stock units (PSUs) that are convertible into shares of the Parent three years after the date on which they are granted. The expense recognised in this connection amounted to EUR 153 thousand in the first half of 2019.

The detail of the PSU plans in force is disclosed in Note 29 to the consolidated financial statements for 2018.

Also, the Group has life insurance obligations to certain senior executives; the related expense is included under "Other Items" in the tables above.

The Group's Senior Executives, Internal Auditor not considered, is made up of 14 men and 3 women at 30 June 2019. At 31 December 2018 is made up of 14 men and 3 women.

20. Events after the reporting period

No significant events occurred from 30 June 2019 to the date of authorisation for issue of these interim condensed consolidated financial statements other than those already included in these explanatory notes that should be included in, or modify or significantly affect, these interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

21. Explanation added for translation to English

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

Applus Services, S.A. and Subsidiaries

Management Report to the Interim Condensed Consolidated Financial Statements for the first half of 2019

Overview of performance

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

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

On 1 January 2019, a new accounting standard, IFRS 16 Leases, took effect and this has had an impact on the presentation of the financial results. It supersedes IAS 17 and related interpretations. As a lessee, the main concept behind it is the recognition of all leases under a single balance sheet model similar to that in existence for finance leases. In summary it is the booking of the asset and the corresponding financial liability in the balance sheet and applying depreciation and a finance cost instead of an operating lease cost in the profit and loss account. There is a de-minimis limit where this does not apply. The Group has not restated prior periods but instead shows the comparative figures after the application of this standard (Proforma H1 2018) to allow a meaningful comparison to be made.

In the table below the adjusted results are presented alongside the statutory results with an additional column showing the comparative first half (H1) 2018 figures after the application of IFRS 16 Leases (Proforma H1 2018). The percentage increase of the H1 2019 results to the Proforma H1 2018 results are shown in the final column.

EUR Million	H1 2019			H1 2018			Proforma H1 2018	+/- % Adj. Results PROF
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results		
Revenue	875.8		875.8	812.8	0.0	812.8	812.8	7.8%
Ebitda	146.7	0.0	146.7	106.9	0.0	106.9	132.1	11.0%
Operating Profit	98.2	(30.6)	67.7	82.3	(30.7)	51.6	86.3	13.9%
Net financial expenses	(11.5)	0.0	(11.5)	(9.3)	0.0	(9.3)	(13.2)	
Profit Before Taxes	86.7	(30.6)	56.2	73.0	(30.7)	42.3	73.1	18.7%
Income tax	(21.5)	6.7	(14.8)	(18.4)	7.0	(11.5)	(18.6)	
Non controlling interests	(11.1)	0.0	(11.1)	(8.6)	0.0	(8.6)	(8.6)	
Net Profit	54.1	(23.9)	30.3	45.9	(23.7)	22.2	45.9	18.1%
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	143,018,430	
EPS, in Euros	0.379		0.212	0.321		0.155	0.321	18.1%
Income Tax/PBT	*(24.8)%*		*(26.3)%*	*(25.3)%*		*(27.1)%*	*(25.5)%*	

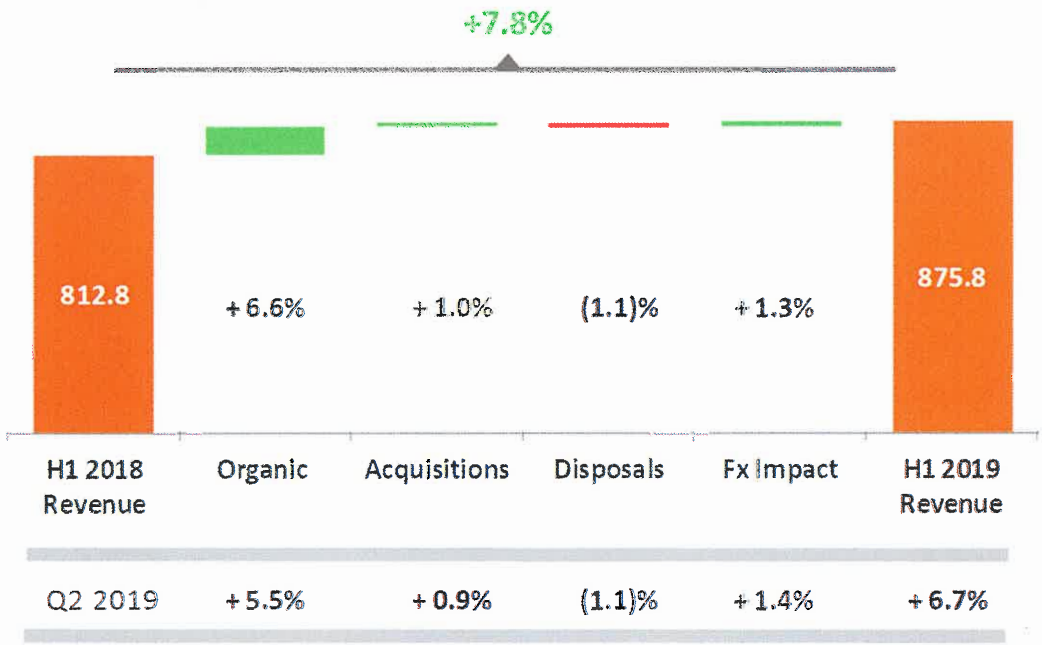
The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €30.6 million (H1 2018: €30.7m) in the Operating Profit represent amortisation of acquisition intangibles of €29.5 million (H1 2018: €29.6m) plus €1.0 million of transaction costs and other items (H1 2018: €1.1m). Tax of €6.7 million (H1 2018: €7.0m) relates to the tax impact on these Other results.

Revenue

Revenue increased by 7.8% to €875.8 million in the six month period ended 30 June 2019 compared to the same period in the prior year.

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



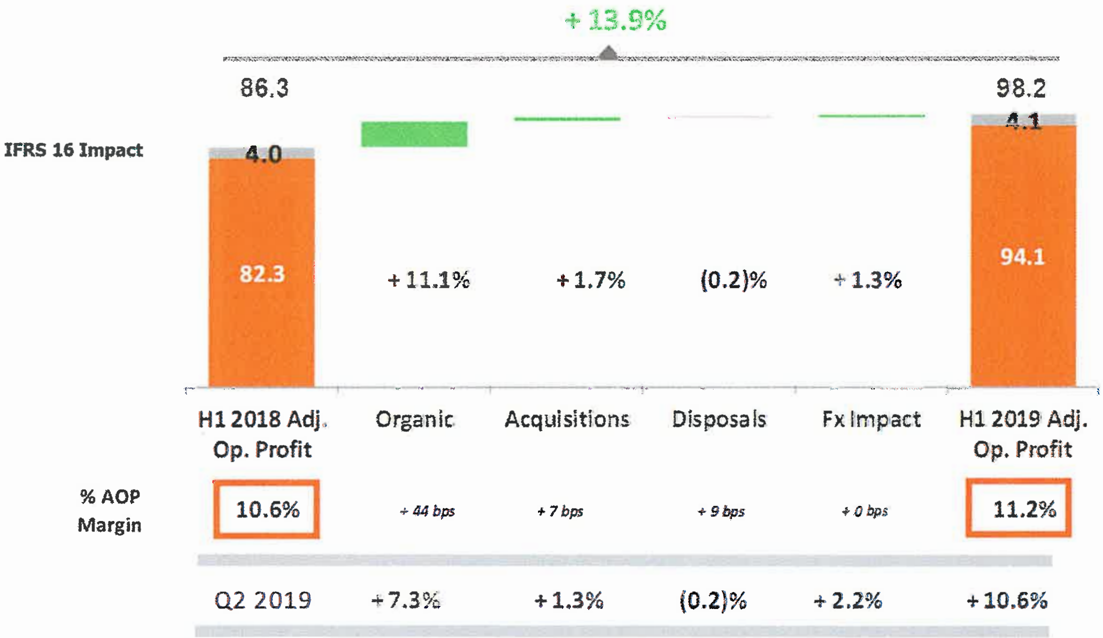
The total revenue increase of 7.8% for the period was made up of an increase in organic revenue of 6.6%, the benefit of acquisitions made in the last twelve months of 1.0% offset by disposals of 1.1% and a positive currency translation impact of 1.3%.

All four divisions contributed to the period revenue growth, continuing the growth momentum from last year.

The organic revenue in the second quarter grew by 5.5% which was lower than the growth of 7.6% in the first quarter due mainly to the timing of Easter that benefited the first quarter to the detriment of the second quarter.

Adjusted Operating Profit

Adjusted operating profit for the first half, increased from Proforma H1 2018 of €86.3 million to €98.2 million, or 13.9%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported at H1 2018 was €82.3 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €4.0 million to a Proforma H1 2018 of €86.3 million.

The adjusted operating profit increase of 13.9% on a proforma basis for the period was made up of an increase in organic of 11.1%, the benefit of acquisitions made in the last twelve months of 1.7% reduced by disposals of 0.2% and a positive currency translation impact of 1.3%.

The resulting adjusted operating profit margin was 11.2% which was higher than the first half of 2018 by 60 basis points on a proforma basis, with three quarters of this increase being organic margin improvement. The two largest divisions of Energy & Industry and Automotive were the main contributors to this margin improvement.

Other Financial Indicators

The statutory operating profit was 21.8% higher, on a proforma basis, at €67.7 million in the half year.

The net financial expense as reported under the new accounting standard IFRS 16 Leases, of €11.5 million in the period was lower than the Proforma H1 2018 financial expense of €13.2 million due to a lower average amount of debt and a better mix of the currency of the borrowings in the period compared to the prior year.

The resulting adjusted profit before tax increased by 18.7% to €86.7 million on a proforma basis as a result of the higher adjusted operating profit and lower financial expense. The statutory profit before tax increased by 32.5% to €56.2 million on a proforma basis.

The effective tax charge for the first half at €21.5 million was higher than the prior year first half of €18.6 million, on a proforma basis, due to the increased profit before tax. This gave an effective tax rate of 24.8% being slightly lower than the rate in the prior period of 25.5%. The reported tax charge was €14.8 million and this rate on the reported profit before tax was 26.3% (H1 2018: 27.1%).

Non-controlling interests increased in the half year from €8.6 million in the first half of last year to €11.1 million in the first half of 2019. The increase of €2.5 million is mainly due to the strong growth in the minority interests in IDIADA, Automotive (Galicia and Costa Rica) and Energy & Industry (Middle East) divisions.

The adjusted net profit of €54.1 million and the adjusted earnings per share of 0.379 cents, increased by 18.1% in the six month period ended 30 June 2019.

Cash Flow and Debt

Cash flow generation was strong in the first half of the year due to the growth in profit and a lower increase in working capital than for the same period last year reduced by increased capex and taxes paid.

	H1		
	2019	2018	Change
Adjusted EBITDA	**146.7**	**132.1** (*)	**11.0%**
Repayments of lease liabilities (IFRS 16)	(27.3)	(25.3)	
Decrease /(increase) in working capital	(30.1)	(41.1)	
Capex	(25.3)	(18.5)	
Adjusted Operating Cash Flow	**64.1**	**47.3**	**35.4%**
Cash Conversion rate	*43.6%*	*35.8%*	
Taxes Paid	(19.6)	(8.8)	
Interest Paid	(5.2)	(5.5)	
Adjusted Free Cash Flow	**39.2**	**33.0**	**18.8%**
Extraordinaries & Others	0.7	1.6	
Dividends to Minorities	(6.0)	(4.0)	
Operating Cash Generated	**33.9**	**30.6**	**10.7%**
Acquisitions	(13.3)	(31.0)	
Cash b/Changes in Financing & FX	**20.6**	**(0.4)**	

(*) Adjusted EBITDA for 2018 includes IFRS 16 impact of 25.3M€. Reported adjusted EBITDA 2018 = 106.9M€

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

The increase in working capital of €30.1 million was €11.0 million lower than the increase in the first half of 2018 largely due to the significant cash collection in the first quarter from the increase in receivables at year end following the high revenue growth in the final quarter of last year in the largest division of Energy & Industry.

Net capital expenditure for the period relating to expansion of existing and into new facilities was €25.3 million (H1 2018: €18.5m) and this represented 2.9% (H1 2018: 2.3%) of Group revenue. The reason for the increase in absolute and proportional capex spending was due to some one-off expansions of capacity in the Laboratories division in the fast growing electromagnetic compatibility sector and for commencement of the building of a new connected and autonomous proving ground in IDIADA.

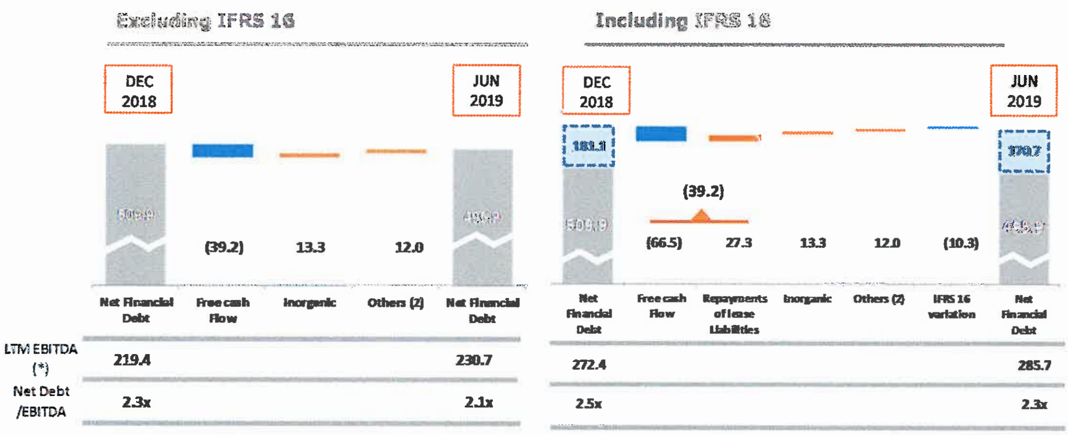
The increase in taxes paid of €10.8 million from €8.8 million in H1 2018 to €19.6 million in H1 2019 was due to some tax refunds received in H1 2018 with the outflow in H1 2019 more in-line with the underlying tax liability.

Adjusted operating cash flow (after capital expenditure) of €64.1 million was 35.4% higher than for the same period last year when it was €47.3 million. After tax and interest paid, the adjusted free cash flow was €39.2 million which was 18.8% higher than last year when it was €33.0 million and the "bottom line" operating cash generated was €33.9 million being 10.7% higher than last year.

The cash outflow for Acquisitions mainly relates to the two made in the first half of this year plus deferred consideration on acquisitions made in previous years.

The financial leverage of the group at the period end, measured as Net Debt to last twelve months Adjusted EBITDA was 2.1x (as defined by the bank covenant for the syndicated debt facilities), at a lower level to the position at 31 December 2018 (2.3x) and considerably lower than the covenant that is set at 4.0x.

The impact of including IFRS 16 Leases on the net debt position is to increase the opening net debt at 1 January 2019 by €181.1 million. The chart below shows the net debt change and the corresponding leverage calculation before applying IFRS 16 Leases "Excluding IFRS 16" and after the application of IFRS 16 Leases "Including IFRS 16". The net impact on the Net Debt to EBITDA leverage ratio is an increase of 0.2x.



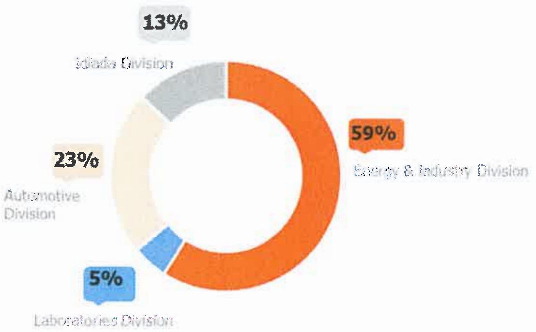
Outlook

Following the successful first half results and the visibility for the rest of the year, it is expected that the divisions will continue growing well in revenue and profit and with a margin continuing to improve in the second half and this gives the Group the confidence to reiterate the guidance of mid-single digit organic revenue growth at constant exchange rates with an increase in the margin of at least 30 basis points.

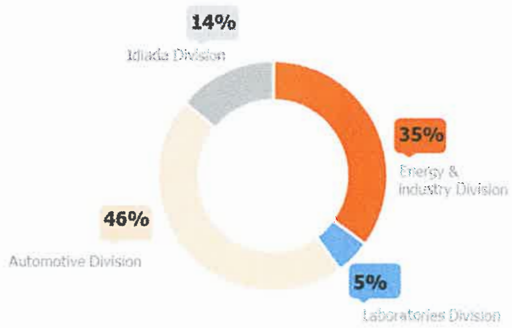
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of the revenue and adjusted operating profit for the first half of 2019 are shown below.

H1 2019 revenue split



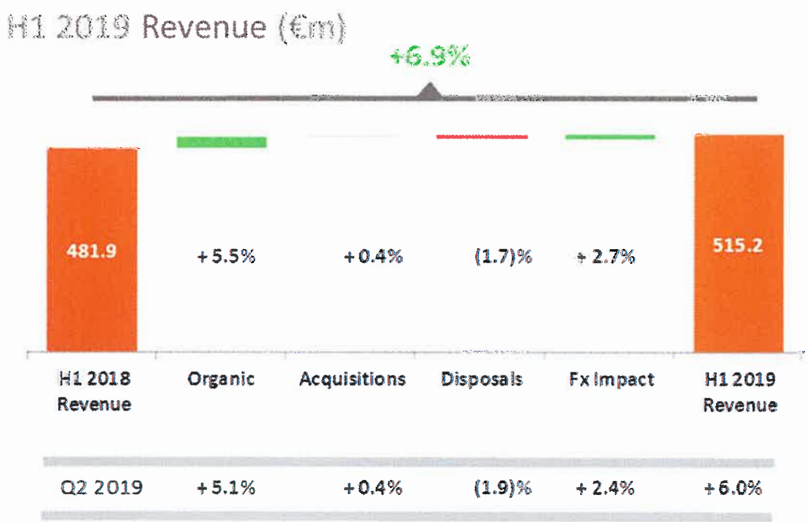
H1 2019 adjusted operating profit split



Energy & Industry Division

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

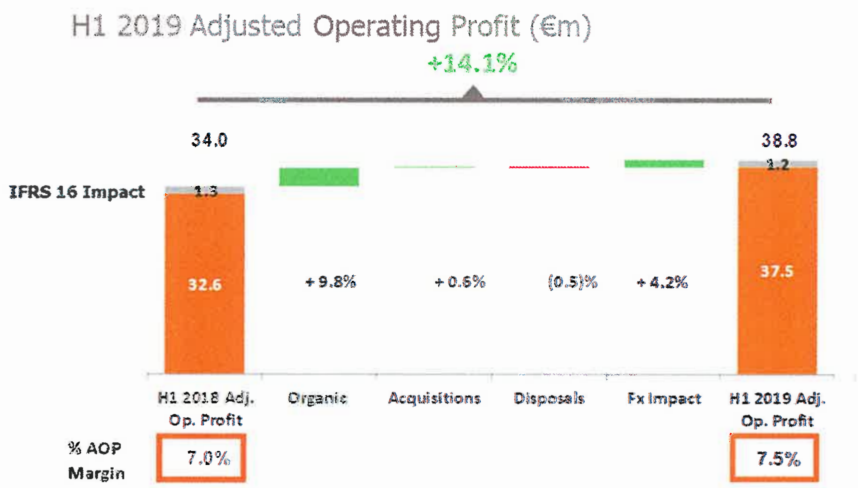
The revenue in the division increased by 6.9% to €515.2 million in the period.



At constant exchange rates, organic revenue increased by 5.5% for the period of which 5.1% was in Q2 and 6.0% in Q1.

Revenue from the acquisition of the non-destructive testing business for the aerospace industry, Talon Test at the end of last year added 0.4% and there was 1.7% less revenue following the disposals made in the final quarter of last year. Currency translation was positive in the period mainly due to the stronger US dollar against the Euro and this added 2.7% to the reported revenue.

The adjusted operating profit for the first half in the division increased on a proforma basis by 14.1% to €38.8 million in the period. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The reported adjusted operating profit at H1 2018 was €32.6 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €1.3 million to a Proforma H1 2018 of €34.0 million.

The adjusted operating profit margin increased by 50 basis points from 7.0% for Proforma H1 2018 to 7.5% H1 2019 with the majority of this increase coming from the organic revenue growth.

The division continued to grow revenue at the target rate of mid-single digits on an organic basis with the Aerospace and Power end markets providing a large part of this growth. Both new build (capex) and existing infrastructure (opex) related services for the power generation and power distribution sectors, and this for renewables and nuclear, are becoming increasingly important for the division. The continued strong growth in these end markets is having the effect of balancing out the end market exposures in the division. Services to the Oil & Gas industry continues to improve and the outlook remains positive especially for large LNG (Liquefied Natural Gas) projects expected to come on stream in the next few years.

In Southern Europe, Africa & Middle East and Asia Pacific which is the largest of the four regional segments by revenue accounting for approximately 47% of the division of which the largest part are services to end markets such as Power, Construction and Telecom infrastructure was up mid-single digits on the same period last year. Revenue from activity in Spain, the Middle East and Asia Pacific continue to lead the growth in the segment across all end markets. The revenue from the Africa region was slightly down.

North America which accounted for 24% of the division by revenue in the period and is mainly exposed to the oil and gas sector was slightly down. The Opex business including Pipeline integrity, Aerospace and Nuclear are offsetting the fewer active large New Construction Pipeline projects.

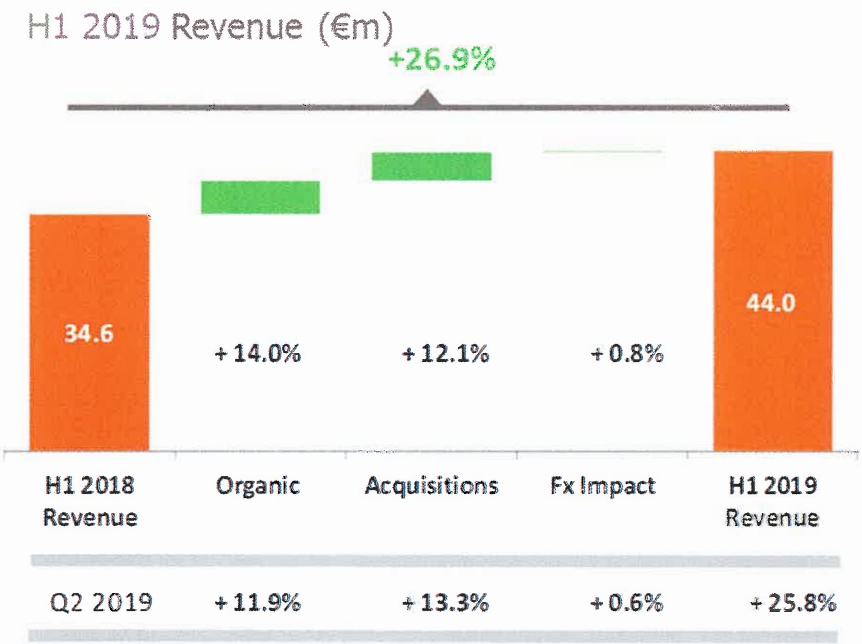
Northern Europe which accounted for 18% of the division by revenue and where a high proportion of this comes from recurring operational expenditure exposed work to the downstream industries was up mid-single digits which was an acceleration on Q1. The acceleration in the growth in the segment came from the higher margin International Pipeline projects business managed from the region and an improvement in the business in Germany and the UK.

Latin America, which accounted for 11% of the division by revenue had strong double-digit growth with good performance in most countries. All end markets performed well, especially Power.

Laboratories Division

The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The division operates a network of multidisciplinary laboratories in Europe, Asia and North America. With its cutting-edge facilities and technical expertise, the services bring high added value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction. In 2017, 2018 and so far in 2019, the Laboratories Division has acquired seven companies and expanded its testing facilities in order to reinforce its position in the automotive components, fire protection, aerospace parts and calibration sectors.

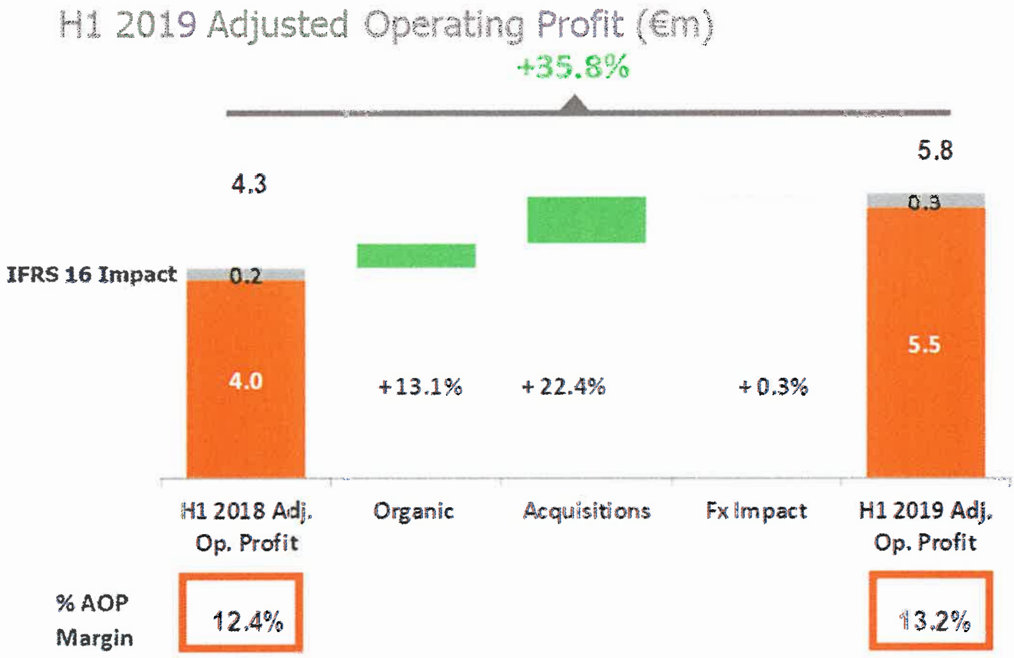
The revenue in the division increased by 26.9% to €44.0 million in the period.



At constant exchange rates, the division had organic revenue growth of 14.0% for the period, revenue relating to acquisitions of 12.1% plus a positive currency translation impact of 0.8%. The organic revenue growth in the second quarter continued at the double digit pace with 11.9% compared to 16.6% growth in the first.

Inorganic revenue growth of 12.1% in the period came from the four acquisitions made in the previous twelve months including two in the first half of this year: LEM is a metrology laboratory in Spain and A2M is a materials testing laboratory mainly for the aerospace and nuclear industries in France. The combined annual revenue for these two laboratories is €5 million per annum. The performance of these acquisitions have overall been above expectations. Further acquisitions are in the process of being reviewed for this division.

The adjusted operating profit for the period increased by 35.8% to €5.8 million in the half year resulting in an increase in margin of 80 bps on a proforma basis, to 13.2%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The reported adjusted operating profit at H1 2018 was €4.0 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €0.2 million to a Proforma H1 2018 of €4.3 million.

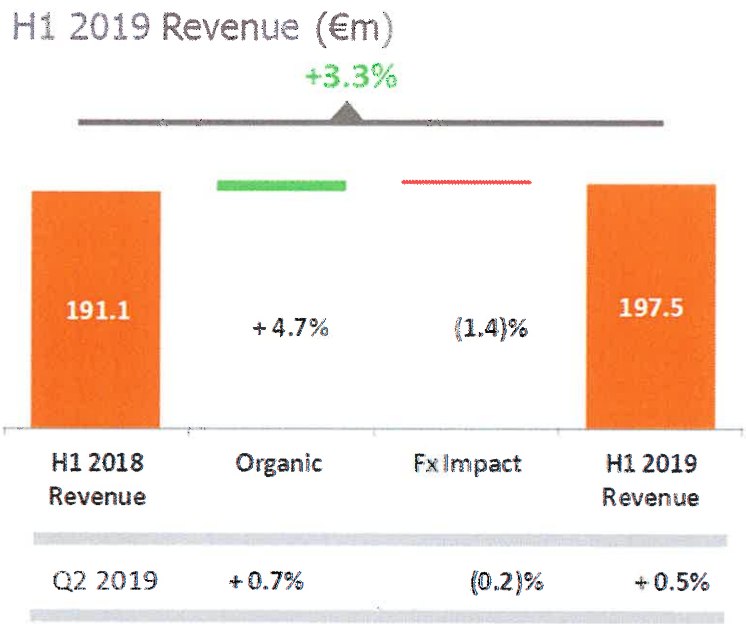
The division had excellent revenue and profit growth with margin improvement across most of the business lines including Electromagnetic compatibility, construction and metrology.

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

Automotive Division

The Automotive Division is a leading provider of statutory vehicle inspection services globally. The division provides vehicle inspection and certification services across a number of jurisdictions where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. In 2018, from the 30 programmes held by the Group, 16 million vehicle inspections were carried out and programme managed a further 6.6 million inspections carried out by third parties across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile, Costa Rica, Andorra, Uruguay and Ecuador.

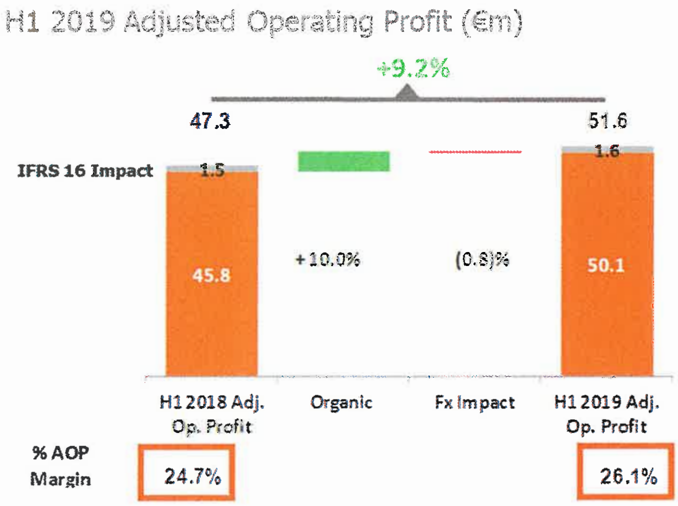
The revenue in the division increased by 3.3% to €197.5 million in the period.



The division reported strong organic revenue growth for the period of 4.7% at constant exchange rates. There was a negative currency translation impact of 1.4% mainly due to the weaker Argentinian peso.

The organic revenue growth in the second quarter was 0.7% following organic revenue growth of 9.1% in the first quarter. The reason for this was explained at the first quarter results due to the timing of Easter with the negative impact on this division occurring in the second quarter of 2019 and in the first quarter of 2018.

The adjusted operating profit for the period increased by 9.2% to €51.6 million in the half year resulting in an increase in margin of 140 bps to 26.1% which was almost all organic. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The reported adjusted operating profit at H1 2018 was €45.8 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €1.5 million to a Proforma H1 2018 of €47.3 million.

Most of the contracts performed well in the period with the various contracts in Spain, the US and Latin America contributing most the growth whilst revenue from the Irish and the Nordic region was flat.

The Group is in the final stages of signing the renewal of the Irish contract for another ten years, starting in July 2020. Applus submitted the best overall value tender due to the strong technical component of the bid. Following the renewal, the track record is good with no renewals that the company has bid for being lost in the last ten years.

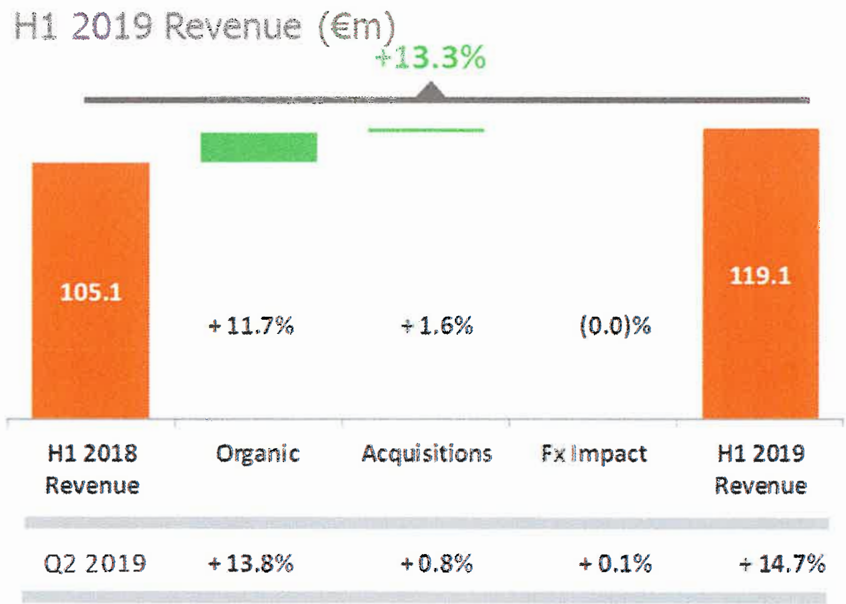
Furthermore, there is a good pipeline of greenfield and market share opportunities being actively pursued.

IDIADA Division

IDIADA A.T. (80% owned by Applus+ and 20% by the Generalitat of Catalonia) has since 1999 been operating under an exclusive contract at the 331-hectare technology centre near Barcelona (owned by the Generalitat of Catalonia), which includes the most comprehensive independent proving ground, testing laboratories and vehicle development centre for motor vehicles in Europe. The contract runs until 2024 and is renewable until 2049.

This division provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

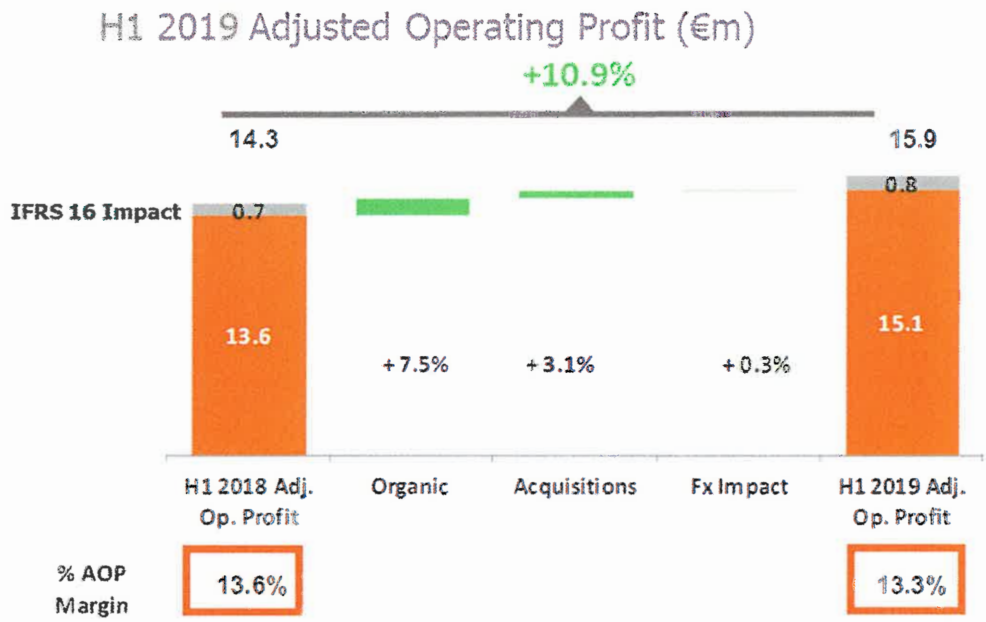
The revenue in the division increased by 13.3% to €119.1 million in the period.



At constant exchange rates, the division had organic revenue growth of 11.7% for the period plus revenue relating to acquisitions of 1.6%. The organic revenue growth in the second quarter at 13.8% was higher than the 9.6% growth in the first quarter.

Acquisition revenue in the period came from the acquisition made in May of last year of a small and complementary acquisition of 67% of the shares of a company in the US called Karco Engineering which is a crash testing laboratory based in California. From the third quarter the revenue growth from this acquisition will be included within organic.

The adjusted operating profit for the period in the division increased by 10.9% to €15.9 million in the period resulting in a margin of 13.3%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The reported adjusted operating profit at H1 2018 was €13.6 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €0.7 million to a Proforma H1 2018 of €14.3 million.

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

Homologation for the new European emissions standard (WLTP) continues to generate growth despite the main deadline having passed last year. Several material contracts have been awarded and already commenced, to assess the performance of new technology for Advanced Driver Assistance Systems (ADAS) both in the proving ground and under real driving conditions on public roads.

The division has also taken on an outsourcing contract for Passive Safety Testing in Frankfurt from an automotive components manufacturer. This contract that has an underpinned revenue stream for a number of years has required an investment to purchase all the assets of the business and is expected to generate a high return on investment.

The division has also commenced the investment of phase one of a new Connected & Autonomous Vehicle track at the same location as the existing main circuits in Spain and this is expected to be ready by year end.

Applus Services, S.A.
and Subsidiaries

Preparation of the Interim Condensed Consolidated Financial Statements and Management report for the six month period ended at 30 June 2019

In accordance with the provisions of article 253 of the Spanish Companies Act and article 42 of the Spanish Code of Commerce, the Board of Directors of Applus Services, S.A., in its meeting of 23 July 2019, has drawn up the interim condensed consolidated financial statements (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) and the management report for the six month period ended at 30 June 2019, constituted by the documents annexed. All the Directors of the Company sign the above-mentioned documents by signing this sheet.

Santa Oliva (Tarragona), 23 July 2019

Mr. Christopher Cole Chairman	Mr. Ernesto Gerardo Mata López Director
Mr. John Daniel Hofmeister Director	Mr. Fernando Basabe Armijo Director
Mr. Richard Campbell Nelson Director	Mr. Nicolás Villén Jiménez Director
Ms. María Cristina Henríquez de Luna Basagoiti Director	Ms. María José Esteruelas Director
Ms. Essimari Kairisto Director	Mr. Joan Amigó i Casas Director

For identification purposes, all the pages of the interim condensed consolidated financial statements and the consolidated management report for the six month period ended at 30 June 2019, as approved by the Board of Directors, are initialized by the Secretary of the Board of Directors, Mr. Vicente Conde Viñuelas.

The Directors of Applus Services, S.A. declare that, to the best of their knowledge, the interim condensed consolidated financial statements of Applus Services, S.A. and Subsidiaries (comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes to the interim condensed consolidated financial statements) for the six month period ended at 30 June 2019, prepared by the Board of Directors at its meeting on 23 July 2019 in accordance with the accounting policies applicable present fairly the equity, financial position and results of Applus Services, S.A., and also for the Subsidiaries included in the scope of consolidation, taken as a whole, and that the management report accompanying the interim condensed consolidated financial statements of Applus Services, S.A and Subsidiaries includes a fair analysis of the business' evolution, results and the financial position of Applus Services, S.A and Subsidiaries included in the scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties they face.

Santa Oliva (Tarragona), 23 July 2019

Mr. Christopher Cole Chairman	Mr. Ernesto Gerardo Mata López Director
Mr. John Daniel Hofmeister Director	Mr. Fernando Basabe Armijo Director
Mr. Richard Campbell Nelson Director	Mr. Nicolás Villén Jiménez Director
Ms. María Cristina Henríquez de Luna Basagoiti Director	Ms. María José Esteruelas Director
Ms. Essimari Kairisto Director	Mr. Joan Amigó i Casas Director