PROSEGUR CASH, S.A. AND SUBSIDIARIES

Condensed Interim Consolidated Financial Statements for the six-month period ended 30 June 2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language- version prevails).

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I. CONSOLIDATED INCOME STATEMENT – EXPENSES BY FUNCTION

(In thousands of Euros)		Six-month period ended 30 June	
	Note	**2019**	**2018**
Revenue	9	888,423	883,219
Costs to sell	5, 6	(588,217)	(568,143)
Gross profit		**300,206**	**315,076**
Other income	7	12,013	668
Sale and administrative expenses	5, 6	(174,233)	(155,343)
Other expenses	7	(515)	(1,290)
Investments accounted for using the equity method	12	(735)	(448)
Operating profit/(loss) (EBIT)		**136,736**	**158,663**
Finance income	8	4,757	20,384
Finance expenses	8	(22,247)	(11,128)
Net financial costs		(17,490)	9,256
Profit before tax		**119,246**	**167,919**
Income tax	18	(38,523)	(55,591)
Post-tax profit from continuing operations		**80,723**	**112,328**
Profit/(loss) for the year from discontinued operations	11	-	(758)
Consolidated profit for the period		**80,723**	**111,570**
Attributable to:			
Owners of the Parent		80,739	111,570
Non-controlling interests		(16)	-
Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)			
- Basic	15.4	0.05	0.07
- Diluted	15.4	0.05	0.07

The Notes on pages 10 to 48 form an integral part of the condensed interim consolidated financial statements

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euros)	Six-month period ended 30 June	
	2019	**2018**
Result for the period	**80,723**	**111,570**
Items which are reclassified to profit and loss		
Translation differences of financial statements of foreign operations	5,407	(93,230)
	5,407	**(93,230)**
Total comprehensive income for the period, net of tax	**86,130**	**18,340**
Attributable to:		
- Owners of the parent	86,146	18,340
- Non-controlling interests	(16)	-
	86,130	**18,340**

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III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euros)	Note	30 June 2019	31 December 2018
ASSETS			
Property, Plant and Equipment	10	343,131	333,460
Goodwill	10	361,889	356,138
Rights of use	10	87,664	-
Other intangible assets	10	192,257	178,540
Investments accounted for using the equity method	12	7,032	26,433
Non-current financial assets		4,353	6,515
Deferred tax assets		49,216	36,228
Non-current assets		**1,045,542**	**937,314**
Inventory	14	22,101	19,795
Clients and other receivables		372,107	334,082
Accounts receivable with Prosegur Group	21	65,356	54,007
Current tax assets		65,181	86,670
Non-current Assets held for sale	11	48,011	642
Cash and cash equivalents	13	232,435	273,756
Current assets		**805,191**	**768,952**
Total assets		**1,850,733**	**1,706,266**
EQUITY			
Share capital	15	30,000	30,000
Treasury Stock	15	(1,545)	(1,943)
Translation differences		(151,139)	(156,546)
Retained earnings and other reserves		402,349	366,474
Equity attributable to equity holders of the Parent		**279,665**	**237,985**
Non-controlling interests		957	6
Total equity		**280,622**	**237,991**
LIABILITIES			
Financial liabilities	17	622,068	688,021
Long term lease liabilities	10	72,928	-
Deferred tax liabilities		47,899	41,174
Long term accounts payable with Prosegur Group	21	1,742	1,864
Provisions	16	134,236	136,723
Non-current liabilities		**878,873**	**867,782**
Trade and other payables		285,820	313,969
Current tax liabilities		69,931	64,737
Financial liabilities	17	205,497	131,992
Short term lease liabilities	10	28,568	-
Accounts payable with Prosegur Group	21	65,973	78,923
Provisions	16	1,646	2,275
Non-current Assets Held for Sale	11	20,412	-
Other Current Liabilities		13,391	8,597
Current liabilities		**691,238**	**600,493**
Total liabilities		**1,570,111**	**1,468,275**
Total equity and liabilities		**1,850,733**	**1,706,266**

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IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2019

(In thousands of Euros)	Equity attributable to equity holders of the Parent							
	Share capital (Note 15)	Share premium (Note 15)	Own shares (Note 15)	Translation differences	Retained earnings and other reserves	Total	Minority interests	Total equity
Balance at 31 December 2018	**30,000**	**-**	**(1,943)**	**(156,546)**	**366,474**	**237,985**	**6**	**237,991**
Transition adjustments	-	-	-	-	(37,247)	(37,247)	-	**(37,247)**
Balance at 1 January 2019	**30,000**	**-**	**(1,943)**	**(156,546)**	**329,227**	**200,738**	**6**	**200,744**
Total comprehensive income for the period ended 30 June 2018	-	-	-	5,407	80,739	86,146	(16)	**86,130**
Adjustments for Hyperinflation	-	-	-	-	(7,617)	(7,617)	-	**(7,617)**
Acquisition/sale of own shares	-	-	398	-	-	398	-	**398**
Other changes	-	-	-	-	-	-	967	**967**
Balance at 30 June 2019	**30,000**	**-**	**(1,545)**	**(151,139)**	**402,349**	**279,665**	**957**	**280,622**

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PERIOD ENDED 30 June 2018

(In thousands of Euros)	Equity attributable to equity holders of the Parent							
	Share capital (Note 15)	Share premium (Note 15)	Own shares (Note 15)	Translation differences	Retained earnings and other reserves	Total	Minority interests	Total equity
Balance at 31 December 2017	**30,000**	**-**	**(2,127)**	**(501,666)**	**737,571**	**263,778**	**11**	**263,789**
Transition adjustments	**-**	**-**	**-**	**-**	(1,196)	(1,196)	**-**	**(1,196)**
Balance at 1 January 2018	**30,000**	**-**	**(2,127)**	**(501,666)**	**736,375**	**262,582**	**11**	**262,593**
Total comprehensive income for the period ended 30 June 2017	-	-	-	(93,230)	111,570	18,340	-	**18,340**
Acquisition/sale of own shares	-	-	(133)	-	-	(133)	-	**(133)**
Other changes	-	-	-	-	-	-	(3)	**(3)**
Balance at 30 June 2018	**30,000**	**-**	**(2,260)**	**(594,896)**	**847,945**	**280,789**	**8**	**280,797**

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V. CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Euros)	Note	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018
Cash flows from operating activities			
Profit/(loss) for the period		**80,723**	**111,570**
Adjustments for:			
Amortisations	5, 10	50,120	33,286
Impairment losses on trade receivables and inventory	7, 14	537	1,261
Investments accounted for using the equity method		735	448
Change in provisions	16	6,594	6,450
Finance income	8	(13,251)	(18,731)
Finance expenses	8	22,247	9,097
Income tax	18	38,523	54,077
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		(1,851)	(9,800)
Clients and other receivables		(14,925)	28,649
Trade and other payables		(14,059)	(32,000)
Payment of provisions	16	(12,843)	(11,740)
Other liabilities		10,752	(4,496)
Cash from operating activities			
Interest paid		(11,481)	(7,637)
Income tax paid		(48,359)	(73,003)
Net cash from operating activities		**93,462**	**87,431**
Cash flows from investing activities			
Proceeds from the sale of non-current assets held for sale	11	-	18,330
Interest collection		2,975	1,668
Acquisition of subsidiaries, net of cash and cash equivalents	20	(3,993)	(14,108)
Acquisition of property, plant and equipment	10	(43,010)	(42,648)
Acquisition of intangible assets	10	(3,822)	(3,415)
Net cash from investing activities		**(47,850)**	**(40,173)**
Cash flows from financing activities			
Payments from the issue of own shares and equity instruments	15	398	(133)
Proceeds from loans and borrowings		40,000	2,411
Payments for loans and borrowings	17	(40,574)	(42,649)
Payments from debts with group companies		(5,922)	-
Proceeds from debts with group companies		-	3,037
Payments from the financial leases		(16,471)	-
Dividends paid	15	(58,914)	(45,203)
Net cash from financing activities		**(81,483)**	**(82,537)**
Net increase/(decrease) in cash and cash equivalents		(35,871)	(35,279)
Cash and cash equivalents at the beginning of year		273,756	317,876
Effect of exchange differences		(3,570)	(23,101)
Cash and cash equivalents at the end of the period		**234,315**	**259,496**
Cash and cash equivalents at the the end of period for continued operations		232,435	259,496
Cash and cash equivalents at the the end of period for Non current assets hedl for sale		1,880	-

The Notes on pages 10 to 48 form an integral part of the condensed interim consolidated financial statements

VI. EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Prosegur Cash is a group of companies comprising Prosegur Cash, S.A. (hereinafter, “the Company”) and its subsidiaries (together, Prosegur Cash) which provides security transport services, cash management and other value-added services in the following countries: Spain, Portugal, France, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Nicaragua, Honduras, El Salvador, Guatemala, the Philippines, Costa Rica, Indonesia, India and Australia.

Prosegur Cash is organised into the following geographical areas:

- Europe.
- LatAm.
- Asia-Oceania-Africa (AOA).

The services provided by Prosegur Cash are distributed into the following business lines:

- Transport
- Cash management
- New Products

Prosegur Cash, S.A. is a subsidiary controlled by the Spanish company Prosegur Compañía de Seguridad, S.A. (hereinafter, Prosegur or the Prosegur Group), which currently owns 51% of its shares, indirectly controlling another 21.5% via its 100%-owned investee Prosegur Assets Management, S.L.U. Accordingly, the Prosegur Group consolidates the Prosegur Cash Group in its financial statements. The registered offices of Prosegur Cash, S.A. are at Calle Santa Sabina, 8, Madrid (Spain).

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 51.618% of the share capital of Prosegur Compañía de Seguridad, S.A., which consolidates Prosegur in its consolidated financial statements.

The corporate purpose of Prosegur Cash is to provide the following services through companies focusing on the Cash business: (i) national and international transport services (by land, sea and air) of funds and other valuables (including jewellery, artworks, precious metals, electronic devices, voting ballots, legal evidence), including collection, transport, custody and deposit services; (ii) processing and automation of cash (including counting, processing and packaging, as well as coin recycling, cash flow control and monitoring systems; (iii) comprehensive ATM solutions (including planning, loading, monitoring, first- and second-tier maintenance and balancing); (iv) cash planning and forecasting for financial institutions; (v) self-service cash machines (including cash deposits, recycling services and dispensing of bank notes and coins, and payment of invoices); and (vi) added-value outsourcing services (AVOS) for banks (including outsourcing of tellers, multi-agency services, cheque processing and related administrative services).

The individual and consolidated annual accounts of Prosegur Cash, S.A. for 2018 have been approved by the shareholders at their general meeting on 3 June 2019.

Structure of Prosegur Cash

Prosegur Cash, S.A. is the parent company of the Group formed by the subsidiaries specified in Appendix I to the notes to the consolidated annual accounts at 31 December 2018. Moreover, Prosegur Cash has Joint Arrangements (Note 14 and Appendix II) to the notes to the consolidated annual accounts at 31 December 2018).

The principles applied in drawing up the consolidated annual accounts of Prosegur Cash and in determining the the consolidation perimeter are described in Note 32.2 and Note 2 of the consolidated annual accounts at 31 December 2018 respectively, except for the first-time application of IFRS 16 on Leases and IFRIC 23 on Uncertainty over income tax treatments.

2. Basis of presentation, estimates and accounting policies

These condensed interim consolidated financial statements of Prosegur Cash for the six-month period ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Pursuant to IAS 34, interim financial reporting is only intended to provide an update on the content of the latest consolidated annual accounts prepared by Prosegur Cash, focusing on new activities, events and circumstances which have occurred in the six-month period ended 30 June 2019, and without repeating the information previously published in the consolidated annual accounts for 2018.

On this basis, and to properly understand the information disclosed in these condensed interim consolidated financial statements, they should be read in conjunction with the consolidated annual accounts of Prosegur Cash for the year ended 31 December 2018, which were prepared in accordance with International Financial Reporting Standards (IFRS), adopted for use in the European Union and approved by the European Commission Regulations currently in force and other applicable financial reporting regulations.

Significant changes in accounting policies

Except as described below and in the other new regulations effective as from 1 January 2019, described in Appendix I, the accounting policies applied in the accompanying condensed interim consolidated financial statements at 30 June 2019 are consistent with those applied in the preparation of the consolidated annual accounts of Prosegur Cash at 31 December 2018, details of which are provided in Note 32 thereto.

IFRS 16 Leases.

The Group began adopting IFRS 16 on Leases on 1 January 2019. As a result, the Group, as lessee, has recognised a right of use for the properties and vehicles leased and a liability representing the obligation to make future lease payments.

The Prosegur Group opted to use the combined modified retrospective approach on transition which involves applying IFRS 16 retroactively recognising the cumulative effect from the date of initial application, without restating the information presented in 2018 under the aforementioned standards. Under this option, the Prosegur Group has calculated the lease liabilities as the current value of the outstanding lease payments on the contracts in force at the date of first-time application and has calculated retrospectively the value of the right-of-use asset.

The Group has also chosen to not recognise in the balance sheet the lease liabilities and the right-of-use asset corresponding to short term lease agreements (leases for one year or less) and leases for low value assets (5 thousand U.S. Dollars or less).

The Group previously classified leases as operating leases under IAS 17. Leases included properties and vehicles and the duration of the contracts depended on the type of property and vehicle. Some agreements include options to renew for an additional period after a non-cancellable period.

In the transition, for leases classified as operating leases under IAS 17, the lease liability composed of future payments was measured at current value using a Group incremental discount rate at 1 January 2019. The right of use is measured at the carrying amount as if IFRS 16 had been applied since the start date of the contract. The impact of the first-time application is described in Note 10.3.

IFRIC 23. Uncertainty over Income Tax Treatments.

The interpretation clarifies how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty regarding the tax authority's acceptance of a specific tax treatment used by the Group in its tax settlement.

If the Group considers it is likely that the tax authority will accept an uncertain tax treatment, the Group will establish the taxable gain (loss), the tax bases, unused tax losses, unused tax credits or the tax rates consistent with the tax treatment used or intended to be used in its income tax returns.

If the Group considers it unlikely that the tax authority will accept an uncertain tax treatment, the Group will reflect the effect of the uncertainty to establish the taxable gain (loss), the tax bases, unused tax losses or credits or the corresponding tax rates. The Group will reflect the effect of the uncertainty for each uncertain tax treatment by using the most likely amount or the expected value of the probability-weighted amounts.

The impact upon transition of adopting IFRIC 23 at 1 January 2019 was EUR 27,887 thousand, having recorded that impact under the heading of Retained earnings which appears under the item for "Other Changes" of the consolidated statement of changes in equity, and in Other risks under the heading of current tax liabilities (Note 18).

Estimates, assumptions and relevant judgements

The estimates included herein are based on the best information available, and are the same as those reflected in the Note 2.5 to the consolidated annual accounts for 2018. During the six-month period ended 30 June 2019, there have been no significant changes to the estimates made at the 2018 year end, except for new accounting estimates, judgements and assumptions made in relation to the application of IFRS 16 and IFRIC 23.

The Corporate Income Tax expense for the six-month period ended 30 June 2019 has been calculated using the effective tax rate expected to apply to profit and loss for the year.

Comparative information

The condensed interim consolidated financial statements, consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the condensed interim consolidated financial statements, in addition to the consolidated figures for the six-month period ended 30 June 2019 include comparative figures corresponding to the same period of the previous year, except for the consolidated statement of financial position for which it presents the consolidated figures for the twelve-month period ended 31 December 2018.

For the purposes of comparing the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Argentinian subsidiaries whose functional currency is the Argentine peso, Argentina must be treated as a hyper-inflationary economy during the first six months of 2019, as they have been restated in terms of the current measuring unit before including them in the mentioned consolidated financial statements.

In accordance with the criteria contained in IFRS-EU, the comparative figures for the first six months of 2018 have not been restated.

In addition, the accounting policies applied for the first time in 2019 (IFRS 16 and IFRIC 23) did not entail restating the comparative figures corresponding to the first six months of 2018.

3. Changes to the Group's structure

Appendix I to the consolidated annual accounts for the year ended 31 December 2018 includes important information on the consolidated Group companies at that date.

Moreover, in the first half of year 2019, the following company has been incorporated:

- In March 2019 Prosegur Alpha 3 Cashlabs S.L. was incorporated in Spain.
- In April 2019 Prosegur Pay Consultoría emTecnologia da Informaçao Ltda was incorporated in Brazil.

4. Significant events subsequent to year-end 2018

In addition to the matters mentioned in Note 3 and Note 20 concerning changes to the Group's structure, details of the most important transactions and events that have occurred during the first half of 2019 are as follows:

Share transfers

On 4 April Prosegur Cash entered into negotiations with Loomis AB, both by means of subsidiaries, for the sale and purchase of their operations in France. This transaction is expected to conclude in the third quarter of 2019. The final price of the transaction will be determined and paid at closing.

5. Cost of sales and selling and administrative expenses

The main cost of sales and selling, general and administrative expenses in the consolidated income statements for the six-month periods ended 30 June 2019 and 2018 are as follows:

		Thousands of Euros	
		Period ended 30 June	
		2019	2018
Supplies		29,573	22,726
Employee benefits expenses	(Note 6)	414,672	409,276
Operating leases		5,185	5,768
Supplies and external services		66,460	56,226
Amortisations		23,082	18,349
Other expenses		49,245	55,798
Total sale expenses		**588,217**	**568,143**

		Thousands of Euros	
		Period ended 30 June	
		2019	2018
Supplies		1,917	649
Employee benefits expenses	(Note 6)	48,017	40,731
Operating leases		5,572	17,338
Supplies and external services		28,774	27,629
Amortisations		27,038	14,937
Other expenses		62,915	54,059
Total sale and administrative expenses		**174,233**	**155,343**

Total supplies in the consolidated income statement for the six-month period ended 30 June 2019 amount to EUR 31,490 thousand (2018: EUR 23,375 thousand EUR).

The heading of supplies and external services includes the costs for the repair of items of transport, bill-counting equipment, operating subcontracts with third parties and other advisors such as lawyers, auditors and consultants.

The heading of operating leases contains the lease costs for right of use corresponding to leases for one year or less and leases for low value assets for 5 thousand U.S. Dollars or less. All other contracts appear under the heading of rights of use (Note 10.3 and Note 2).

The heading Other expenses, under administration and sales, mainly includes expenses for management support services and trademark usage expenses totalling EUR 34,356 thousand and EUR 14,092 thousand respectively.

6. Employee benefits expenses

Details of the employee benefits expense for the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2019	2018
Salaries and wages	354,382	336,566
Social Security	81,980	79,379
Other employee benefits expenses	18,514	23,515
Indemnities	7,813	10,547
Total employee benefits expense	**462,689**	**450,007**

The accrual of the long-term incentive associated with the 2017 and 2020 Plans for the Executive President, Executive Director and the Management of Prosegur Cash was included under the heading of salaries and wages (Note 16).

The heading of indemnities includes the allocation to the provision for labour risks which in 2019 went down as a result of changes in Brazilian labour reforms (Note 16).

7. Other comprehensive income

The item for other income in the consolidated income statement for the period ended on 30 June 2019 mainly contains the gains associated to the sale of the interest in SBV (Note 12).

Details of other expenses recognised in the consolidated income statements for the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2019	2018
Impairment losses on trade receivables	(439)	(1,095)
Other expenses	(76)	(195)
Total other expenses	**(515)**	**(1,290)**

8. Net financial costs

Details of net financial expenses for the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2019	2018
Interest expenses	(9,700)	(7,454)
Interest received	3,683	2,206
Net profits/(losses) on foreign currency transactions	(2,152)	18,178
Finance expenses on finance leases	(372)	(557)
Finance expenses on discounting lease liabilities	(3,796)	-
Net financial income from net monetary position	1,074	-
Other net finance income and expenses	(6,227)	(3,117)
Total net financial expenses	**(17,490)**	**9,256**

The main variation in the financial income for the first six months of 2019 compared to the first six months of 2018, is largely due to changes in legislation (Note 2).

As a result of the application of IAS 29 during the first six months of 2019, net financial income of EUR 1,074 thousand has arisen from the net monetary position. That item reflects the exposure to the change in the purchasing power of the Argentine currency. The closing exchange rate used for Argentina was 48.2091 and the inflation percentage was 22% for the balance sheet and 19% for the income statement.

As a result of the first-time application of IFRS 16, finance expenses went up by EUR 3,796 thousand (see Note 10.3).

9. Segment reporting

The Board of Directors is ultimately responsible for making decisions on Prosegur Cash's operations and, together with the Audit Committee, for reviewing Prosegur Cash internal financial information to assess performance and to allocate resources.

The Board of Directors analyses business at parent level on two fronts: by geographical area and by activity. From the geographical perspective, three segments are identified: Europe, Latin America and Asia-Oceania and Africa (AOA), which in turn include the segments of business identified as Transportation, Cash Management and New Products.

The Board of Directors uses EBIT to assess segment performance, since this indicator is considered to best reflect the results of the Prosegur Cash Group’s different activities.

Details of revenues by segment for the six-month periods ended 30 June 2019 and 2018 are as follows:

Thousands of Euros	Europe		AOA		LatAm		Total	
	at 30 June 2019	**at 30 June 2018**	**at 30 June 2019**	**at 30 June 2018**	**at 30 June 2019**	**at 30 June 2018**	**at 30 June 2019**	**at 30 June 2018**
Transport	133,446	129,737	37,238	22,882	357,142	408,145	527,826	560,764
% of total	52%	55%	73%	58%	61%	67%	59%	63%
Cash management	74,867	72,077	11,230	12,779	132,855	142,536	218,952	227,392
% of total	30%	31%	22%	33%	23%	23%	25%	26%
New Products	44,859	34,385	2,751	3,542	94,035	57,136	141,645	95,063
% of total	18%	14%	5%	9%	16%	10%	16%	11%
Total sales	**253,172**	**236,199**	**51,219**	**39,203**	**584,032**	**607,817**	**888,423**	**883,219**

Revenue from the services of Transportation, Cash Management and New Products is recognised at the time of providing the services.

Details of EBIT and profit/(loss) after taxes from discontinued operations broken down by segment are as follows:

Thousands of Euros	Europe		AOA		LatAm		Total	
	at 30 June 2019	**at 30 June 2018**	**at 30 June 2019**	**at 30 June 2018**	**at 30 June 2019**	**at 30 June 2018**	**at 30 June 2019**	**at 30 June 2018**
Sales to external customers	253,172	236,199	51,219	39,203	584,032	607,817	888,423	883,219
Other net expenses	(226,509)	(212,945)	(43,126)	(39,848)	(431,316)	(438,029)	(700,951)	(690,822)
Losses on holdings accounted for using the equity method	-	-	(735)	(448)	-	-	(735)	(448)
EBITDA	26,663	23,254	7,358	(1,093)	152,716	169,788	186,737	191,949
Depreciation and amortisation	(13,207)	(7,432)	(4,535)	(3,658)	(32,259)	(22,196)	(50,001)	(33,286)
EBIT	13,456	15,822	2,823	(4,751)	120,457	147,592	136,736	158,663
Net Finance Income	(8,348)	(5,232)	(3,715)	(1,069)	(5,427)	15,557	(17,490)	9,256
Corporate Income Tax	(8,182)	(7,814)	(1,439)	1,403	(28,902)	(49,180)	(38,523)	(55,591)
Post-tax profit from continuing operations	(3,074)	2,776	(2,331)	(4,417)	86,128	113,969	80,723	112,328

Details of assets allocated to segments and a reconciliation with total assets at 30 June 2019 and at 31 December 2018 are as follows:

Thousands of Euros	Europe		AOA		LatAm		Not allocated to segments		Total	
	at 30 June 2019	**at 31 December 2018**	**at 30 June 2019**	**at 31 December 2018**	**at 30 June 2019**	**at 31 December 2018**	**at 30 June 2019**	**at 31 December 2018**	**at 30 June 2019**	**at 31 December 2018**
Non-current assets allocated to segments	**372,954**	**339,180**	**93,294**	**100,188**	**985,323**	**863,087**	**114,396**	**122,898**	**1,565,967**	**1,425,353**
Other unallocated assets							**284,766**	**280,913**	**284,766**	**280,913**
Other non-current financial assets							4,320	6,515	4,320	6,515
Non-current Assets held for sale							48,011	642	48,011	642
Cash and cash equivalents							232,435	273,756	232,435	273,756
	372,954	**339,180**	**93,294**	**100,188**	**985,323**	**863,087**	**399,162**	**403,811**	**1,850,733**	**1,706,266**

The total assets assigned to segments in December 2018 excluded assets classified as available-for-sale, as well as cash and cash equivalents and other non-current financial assets.

Details of liabilities allocated to segments and a reconciliation with total liabilities at 30 June 2019 and at 31 December 2018 are as follows:

Thousands of Euros	Europe		AOA		LatAm		Not allocated to segments		Total	
	at 30 June 2019	at 31 December 2018	at 30 June 2019	at 31 December 2018	at 30 June 2019	at 31 December 2018	at 30 June 2019	at 31 December 2018	at 30 June 2019	at 31 December 2018
Liabilities allocated to segments	**225,816**	**214,950**	**68,053**	**76,808**	**392,252**	**318,065**	**117,830**	**105,936**	**803,951**	**715,759**
Other unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**766,160**	**752,517**	**766,160**	**752,517**
Financial liabilities	-	-	-	-	-	-	745,748	752,517	745,748	752,517
Non-current Assets Held for Sale	-	-	-	-	-	-	20,412	-	20,412	-
	225,816	**214,950**	**68,053**	**76,808**	**392,252**	**318,065**	**883,990**	**858,453**	**1,570,111**	**1,468,276**

The total liabilities assigned to segments exclude bank borrowings as Prosegur Cash jointly handles the financing, and they include amounts payable under finance leases and those arising from the application of IFRS 16. Liabilities directly associated with non-current assets held for sale have also been excluded.

10. Property, plant and equipment, goodwill and other intangible assets

10.1. Property, Plant and Equipment

Details of property, plant and equipment for the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	30/06/2019	30/06/2018
Cost		
Opening balance	755,477	633,298
Additions	43,010	42,150
Adjustment for Hyperinflation	15,712	-
Transfer to Non-current Assets held for sale	(32,691)	-
Business Combinations	712	4,522
Disposals	(14,984)	(6,486)
Translation differences	7,560	(48,098)
Closing balance	**774,796**	**625,386**
Accumulated amortisation		
Opening balance	(422,017)	(354,037)
Disposals	3,388	4,376
Adjustment for Hyperinflation	(6,560)	-
Transfer to Non-current Assets held for sale	25,394	-
Provisions charged to the income statement	(28,199)	(24,082)
Translation differences	(3,671)	22,441
Closing balance	**(431,665)**	**(351,302)**
Net assets		
Opening balance	**333,460**	**279,261**
Closing balance	**343,131**	**274,084**

During the first half of 2019, Prosegur Cash invested EUR 43,010 thousand in property, plant and equipment (at 30 June 2018: EUR 42,150 thousand). These investments correspond mainly to cash automation equipment fitted in customers premises and fitting-out work on armoured vehicles in Spain, Argentina and Brazil.

No assets are subject to restrictions on title or pledged as security for particular transactions at 30 June 2019.

10.2. Goodwill

Details of goodwill for the six-month period ended 30 June 2019 are as follows:

	Thousands of Euros
	2019
Carrying amount at 31 December 2018	**356,138**
Additions to the consolidated group	18,066
New additions	178
New additions for hyperinflation	1,996
Transfer to Non-current Assets held for sale	(16,938)
Translation differences	2,449
Carrying amount at 30 June 2019	**361,889**

Additions to goodwill were generated on the following business combinations in the six-month period ended 30 June 2019:

	Thousands of Euros
	2019
Business combinations Cash Europe (1)	436
Business combinations Cash Latin America (1)	14,313
Cash business combinations in AOA (1)	3,317
	18,066

(1) Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Additions reflect adjustments to the value of the following goodwill:

	Thousands of Euros
	2019
Cash business combinations in Latin America	178
	178

At 30 June 2019, there are no indications that the goodwill recognised may be impaired.

Details of goodwill for the six-month period ended 30 June 2018 are as follows:

	Thousands of Euros
	2018
Carrying amount at 31 December 2017	318,744
Additions to the consolidated group	7,113
New Additions	1,150
Translation differences	(8,685)
Carrying amount at 30 June 2018	**318,322**

Additions to goodwill were generated on two business combinations in the six-month period ended 30 June 2018 (Note 20).

10.3. Rights of use

On 1 January 2019, the Group adopted IFRS 16, on Leases (Note 2). The following table reflects the impact of the first application in Retained earnings and other reserves which is reflected in the item of “Other Changes” on the consolidated statement of changes in equity.

	Thousands of Euros
	01/01/2019
Right of use	103,976
Deferred tax assets	4,362
Long term lease liabilities	(91,348)
Short term lease liabilities	(26,350)
Retained earnings and other reserves	**(9,360)**

The breakdown of changes in right-of-use assets for the six-month period ended 30 June 2019 is as follows:

	Thousands of Euros
	Period ended 30 June
	2019
Cost	
Balance at 31 December 2018	-
Transition adjustments	103,976
Balance at 1 January 2019	103,976
Additions	745
Adjustment for Hyperinflation	74
Business Combinations	-
Transfer to Non-current Assets held for sale	(4,058)
Retirements and cancellations	(2,578)
Translation differences	(618)
Closing balance	**97,541**
Accumulated amortisation	
Opening balance	-
Transfer to Non-current Assets held for sale	558
Adjustment for Hyperinflation	(17)
Provisions charged to the income statement	(10,459)
Translation differences	41
Closing balance	**(9,877)**
Opening balance	**-**
Closing balance	**87,664**

The breakdown of changes in lease liabilities for the six-month period ended 30 June 2019 is as follows:

	Thousands of Euros
	Period ended 30 June
	2019
Cost	
Balance at 31 December 2018	-
Transition adjustments	(117,698)
Balance at 1 January 2019	(117,698)
Additions	(745)
Business Combinations	-
Retirements and cancellations	16,471
Financial Expenses (Note 8)	(3,796)
Translation differences	735
Liabilities directly associated to Non-current Assets Held for Sale	3,537
Closing balance	**(101,496)**

The average discount rates for the main countries affected by this standard, used for calculating the current value of the operating lease liabilities recognised at the date of first-time application of IFRS 16 were as follows:

	Average rate		
	First 5 years	**5 to 10 years**	**10 to 15 years**
Germany	1.53%	2.03%	2.61%
Brazil	10.20%	12.29%	13.17%
Peru	5.89%	6.69%	7.34%
Argentina	30.57%	30.37%	27.20%
Colombia	7.02%	8.27%	9.10%
Chile	5.65%	6.38%	6.92%
Spain	1.20%	1.71%	2.42%

The rates have been calculated on the basis of the life of the right of use.

As indicated in Note 2 the Group has chosen to not recognise in the balance sheet the lease liabilities and the right-of-use asset corresponding to short term lease agreements (leases for one year or less) and leases for low value assets (5 thousand U.S. Dollars or less). Those exceptions have been recorded entirely under the heading of operating leases (Note 6).

10.4. Other intangible assets

Details of intangible assets for the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	30/06/2019	**30/06/2018**
Cost		
Opening balance	323,335	291,875
New Additions	3,822	3,415
Adjustment for Hyperinflation	816	-
Business combinations	23,148	6,784
Write offs	(260)	(3)
Transfer to Non-current Assets held for sale	(16,103)	-
Other changes		
Translation differences	2,560	(22,670)
Closing balance	**337,318**	**279,401**
Accumulated amortisation		
Opening balance	(144,795)	(132,641)
Write offs	233	-
Adjustment for Hyperinflation	(557)	-
Transfer to Non-current Assets held for sale	11,867	-
Provisions charged to the income statement	(11,462)	(9,204)
Translation differences	(347)	10,232
Closing balance	**(145,061)**	**(131,613)**
Net assets		
Opening balance	**178,540**	**159,234**
Closing balance	**192,257**	**147,788**

11. Non-current Assets Held for Sale

Assets and liabilities classified as held for sale in June 2019 are associated to the Cash business line in France, the sale of which is subject to approval by the competent French authorities for foreign investment, and which is expected to materialise in the third quarter of 2019.

On 4 April 2019, Prosegur Cash entered into negotiations with Loomis AB for selling its business in France. As part of those negotiations, Loomis granted Prosegur Global CIT Row S.L.U. an option to sell on 100% of the capital of Prosegur Cash Holding France to Loomis, which will materialise once the corresponding process has been concluded for consulting with the representatives of the employees. As a result, all of its associated assets and liabilities have been classified as held-for-sale.

On 8 June 2018, Prosegur reached an agreement for the purchase of the Almo Group's business of transporting valuables in Central America. Under that agreement, the Company purchased a number of assets of the security business from the company Alarmas de Guatemala. Those security business assets were sold in the first half-year of 2019.

At 30 June 2019 and 31 December 2018, non-current assets held for sale and liabilities directly linked to non-current assets held for sale are recognised at carrying amount and include the following assets and liabilities:

	Thousands of Euros	
	30/06/2019	**31/12/2018**
Non-current Assets held for sale		
Property, plant and equipment (Note 10.1)	7,297	22
Right-of-use (Note 10.3)	3,500	-
Goodwill (Note 10.2)	16,938	-
Non-current financial assets	378	-
Other intangible assets (Note 10.4)	4,236	-
Deferred tax assets	2,592	-
Inventory	454	-
Receivables	10,736	351
Current financial assets	-	1
Cash and cash equivalents	1,880	268
	48,011	**642**

	Thousands of Euros	
	30/06/2019	**31/12/2018**
Liabilities associated to non-current assets held for sale		
Long-term financial liabilities	25	-
Lease liabilities (Note 10.3)	3,537	-
Deferred tax liabilities	1,411	-
Non-current provisions (Note 16)	2,731	-
Short-term financial liabilities	-	-
Trade and other payables	11,892	-
Other Current Liabilities	816	-
	20,412	**-**

12. Investments accounted for using the equity method

Joint arrangements

The breakdown of the movements of the investments in joint ventures accounted for under the equity method during he six-month periods ended 30 June 2019 and 2018 is as follows:

	Thousands of Euros	
	30/06/2019	30/06/2018
Balance at 1 January	26,433	29,277
Share in profits/(losses)	(735)	(448)
Sales	(18,894)	-
Translation differences	228	(1,803)
Balance at 30 June	**7,032**	**27,026**

The breakdown of the main amounts of investments accounted for under the equity method at the end of 2018 is included in Appendix III of the consolidated annual accounts for the year that ended on 31 December 2018.

On 4 June 2019, Prosegur Cash exercised the sales option on the 33.33% interest in SBV as, at the time of exercising it, the entire holding of Prosegur did not exceed 50% of the capital. The shares taken up by Prosegur Cash were acquired by the other shareholders of the company.

Prosegur Cash has no significant contingent liability commitments in any of the joint ventures accounted for under the equity method.

13. Cash and Cash Equivalents

Details of cash and cash equivalents at 30 June 2019 and 31 December 2018 are as follows:

	Thousands of Euros	
	30/06/2019	31/12/2018
Cash in hand and at banks	181,698	226,544
Current bank deposits	50,737	47,212
	232,435	**273,756**

The effective rate of interest on current bank deposits is 7.56% (at 31 December 2018: 6.49%) and the average term of deposits held in the first half of 2019 is 42 days (at 31 December 2018: 56 days).

14. Inventory

Details of inventories at 30 June 2019 and 31 December 2018 are as follows:

	Thousands of Euros	
	30/06/2019	**31/12/2018**
Fuel and others	17,407	16,853
Operating materials	2,552	2,522
Uniforms	189	297
Work in progress	2,407	750
Impairment of inventories	(454)	(627)
	22,101	**19,795**

The heading of Works and facilities in progress mainly includes the stockpiling of cash dispensers.

No inventories have been pledged as collateral to secure loans.

15. Net equity

15.1. Share capital

At 30 June 2019, the share capital of Prosegur Cash, S.A. totals EUR 30,000 thousand and is represented by 1,500,000,000 shares with a par value of EUR 0.02 each, fully subscribed and paid. These shares are listed on the Madrid, Bilbao, Valencia and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (electronic trading system) (SIBE).

15.2. Treasury Stock

The breakdown of the activity on the own shares account for the first half of year 2019 is as follows:

	Number of shares	**Thousands of Euros**
Balance at 31 Decemeber 2018	**1,057,307**	**1,943**
Purchase of own shares	5,071,177	33,905
Sale of own shares	(5,122,039)	(34,239)
Other awards	(31,815)	(64)
Balance at 30 June 2019	**974,630**	**1,545**

15.3. Cumulative translation differences

The change in the balance of the cumulative translation differences at 30 June 2019 as compared to 31 December 2018 was EUR 5,407 thousand, resulting from the appreciation of the Brazilian real.

As mentioned in the consolidated annual accounts for the year ended 31 December 2018, Note 32.27, as a result of applying IAS 29 for Argentina the Company has adopted the accounting policy of entirely recognising changes in equity, associated with currency effects, under the heading of other reserves. IAS 29 does not consider that these changes lead to profit and loss in the income statement, but rather treats them as adjustments to equity balances.

Under changes in equity associated to hyperinflation EUR 12,327 thousand are associated to inflation and a negative figure of EUR 19,944 thousand is associated to translation differences.

15.4. Earnings per share

- ***Basic***

Basic earnings per share are calculated by dividing the profit from ongoing operations attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired.

	30/06/2019			30/06/2018		
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
Profit for the year attributable to owners of the Parent	80,723	-	80,723	112,328	(758)	111,570
Weighted average number of ordinary shares outstanding	1,499,957,936	1,499,957,936	1,499,957,936	1,499,997,405	1,499,762,304	1,499,997,405
Basic earnings per share	0.05	-	0.05	0.07	(0.00)	0.07

- ***Diluted***

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent and the weighted average number of ordinary shares outstanding for all the inherent diluting effects of potential ordinary shares.

The parent company has no different classes of partially diluted ordinary shares.

15.5. Dividends

On 19 December 2018, the Board of Directors approved the distribution of an ordinary dividend amounting to EUR 118,050 thousand, i.e. EUR 0.0787 per share (considering that the share capital on the date of the meeting of the Board of Directors comprised 1.5 billion shares). That decision of the Board of Directors was ratified in the Shareholders General Meeting held on 3 June 2019.

Shareholders received 25% of the approved dividend, amounting to EUR 29,512 thousand, on 28 December 2018.

The second instalment of the interim dividend was paid on 11 March 2019, amounting to EUR 29,512 thousand (reflecting a gross amount of EUR 0.0196750 per outstanding share, equivalent to a net amount of EUR 0.015936750 per share).

The third instalment of the interim dividend was paid on 12 June 2019, amounting to EUR 29,512 thousand (reflecting a gross amount of EUR 0.0196750 per outstanding share, equivalent to a net amount of EUR 0.015936750 per share).

The remaining payments to make up the approved dividend of EUR 0.0787 per share, given that the capital was divided into 1,500 million shares at 30 June 2019, will be made in September 2019.

16. Provisions

Details of provisions and changes for the six-month period ended 30 June 2019 are as follows:

Thousands of Euros	Labour-related risks	Legal risks	Restructuring	Employee benefits expense	Other risks	Total
Balance at 1 January 2019	**46,797**	**7,393**	**577**	**8,983**	**75,248**	**138,998**
Provisions charged to income statement	3,183	683	-	-	4,477	**8,343**
Reversals credited to income statement	(855)	(510)	-	-	(384)	**(1,749)**
Applications	(9,096)	(595)	(577)	-	(2,575)	**(12,843)**
Financial effect of the discount	1,677	444	-	-	1,510	**3,631**
Additions to the consolidated group	-	-	-	-	673	**673**
Transfer liabilities directly associated to Non-current Assets Held for Sale	(384)	(16)	-	(1,844)	(487)	**(2,731)**
Translation differences	805	-	-	-	755	**1,560**
Balance at 30 June 2019	**42,127**	**7,399**	**-**	**7,139**	**79,217**	**135,882**
Non current	42,127	7,399	-	7,139	77,571	134,236
Current	-	-		-	1,646	1,646

a) *Labour-related risks*

The provisions for occupational risks, which amount to EUR 42,127 at 30 June 2019 (EUR 46,797 thousand at 31 December 2018), are calculated individually based on the estimated probability of success or failure. Said probability is determined by the various law firms that work with the Prosegur Cash Group. Moreover, an internal review is conducted of the probabilities of reaching settlements in each of the litigation based on past experience, on which basis the final provision is calculated.

The provision for employment risks includes mainly provisions linked to employment related litigation in Brazil, which include law suits brought by former and current employees of the Prosegur Cash Group. The characteristics of labour legislation in that country result in such processes becoming drawn out, and has led to a provision in 2019 of EUR 25,377 thousand (at 31 December 2018: EUR 34,441 thousand).

Moreover, this heading also includes a provision amounting to EUR 3,673 thousand (at 31 December 2018: EUR 6,614 thousand) relating to the business combination formed with Transpev.

b) *Legal risks*

The provisions for legal risks, that amount to EUR 7,399 thousand (at 31 December 2018: EUR 7,393 thousand), correspond mainly to civil claims, which are analysed on a case-by-case basis. They include mainly lawsuits in Brazil. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings under way. There are no significant legal risks.

c) *Restructuring*

The provisions for re-structuring corresponding to the company acquired in 2013, Brinks Deutschland GmbH, were entirely paid during the first half-year of 2019 for an amount of EUR 577 thousand.

d) *Employee benefits*

As indicated in Note 5.2 of the consolidated annual accounts for the year ended on 31 December 2018, Prosegur Cash has defined benefit schemes in Germany, Brazil, Mexico, France, Honduras, Nicaragua and El Salvador. The actuarial valuation made by qualified actuaries on the value of the agreed services are updated each year. The last update was made at the close of 2018 and is applicable to the present period.

The defined benefit schemes for Central America by law have obligations under defined benefit schemes arising from the termination of employment contracts by dismissal or following a mutual agreement.

The defined benefit schemes of Germany and France consist of Pension and retirement schemes, while the benefit scheme defined for Mexico consists of a seniority scheme. In Brazil they comprise post-employment healthcare compliant with local legislation (Act 9656).

e) *Other risks*

Provisions for other risks, amounting to EUR 79,217 thousand at 30 June 2019 (EUR 75,248 thousand at 31 December 2018), includes all type of risks, except for those mentioned above.

The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings under way.

We list the most significant ones below:

Tax risks

These refer mainly to tax risks in Brazil and Argentina, amounting to EUR 59,764 thousand (EUR 55,437 thousand at 31 December 2018).

The tax risks associated with Brazil are linked to various items, mainly with direct and indirect municipal and state tax charges, as well as provisions linked to the combination of the Nordeste and Transpev businesses from previous years. In Argentina they relate to various amounts that are not individually material, linked mainly to municipal and provincial taxes.

Tax risks are classified as material on the basis of opinions in external studies according to the analysis of case law in the matter of reference. Moreover, internal analyses are conducted based on similar cases that have occurred in the past or at other companies.

At each close of quarter, a detailed analysis of conducted of each of the tax contingencies is made. This analysis refers to quantification, qualification and the level of provision associated with the risk. An annual letter with the respective analysis and assessment by an independent expert is used to determine these parameters in the most significant risks. On that basis, the provision to be recognised in the consolidated annual accounts is duly adapted.

Comcare Australia

In the first half-year of 2019 payments were made for commitments associated to the insurance scheme for work-related accidents in Australia amounting to EUR 156 thousand, reaching a total provision of EUR 3,396 thousand (31 December 2018: EUR 3,474 thousand), of which EUR 977 thousand expire in the short term (31 December 2018: EUR 1,001 thousand).

Accrued obligations to personnel

These provisions include the accrued incentive in the 2017 and 2020 long-term incentive plan for the Executive President, Executive Director and Senior Management of Prosegur Cash. During the year, provisions charged against profit/(loss) for the year amounted to EUR 2,109 thousand (30 June 2018: EUR 922 thousand, making a total provision of EUR 4,139 thousand. The expenses are contained under the heading of Wages and salaries in Note 6.

As described in Note 32.19 of the consolidated annual accounts for the year ended on 31 December 2018, the 2017 Plan is generally linked to the creation of value during the 2015-2017 period and provides for giving cash incentives, calculated for some beneficiaries on the basis of the listing value of the shares. In the vast majority of cases, the Plan measures target achievement from 1 January 2015 until 31 December 2017 and length of service from 1 January 2015 until 31 December 2019.

In the first half-year of 2019 a total amount of EUR 785 thousand was paid out associated to the 2017 Plan.

At the general meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for the Executive President, Executive Director and Senior Management of Prosegur Cash. The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022.

For both plans, for the purpose of determining the value of each share to which the Beneficiary has the right, the average quotation price of Prosegur Cash shares will be taken as reference during the last fifteen trading sessions of the month prior to the one in which the shares must be delivered.

Quantification of the total incentive will depend on the degree of achievement of the targets established in the strategic plan.

17. Financial liabilities

Details of financial liabilities at 30 June 2019 and 31 December 2018 are as follows:

Thousands of Euros	30/06/2019		31/12/2018	
	Non-current	Current	Non-current	Current
Bonds and marketable securities	592,872	4,759	592,438	8,872
Syndicated loan	-	38,884	-	-
Loans and borrowings	993	107,250	64,314	73,276
Finance lease payables	2,038	7,039	5,226	6,714
Credit accounts	-	988	-	13,617
Other payables	26,166	46,577	26,043	29,513
	622,068	**205,497**	**688,021**	**131,992**

Details of the most significant items making up this balance at 31 December 2018 are set out in Note 22 to the consolidated annual accounts for the year then ended.

The financial liabilities associated to the application of IFRS 16 (Note 2) were recorded under the heading of leasing liabilities (Note 10) for a total of EUR 101,496 thousand.

During the six-month period ended 30 June 2019, there have been no repayment defaults or breaches of agreement in relation to the loans and credit facilities granted to Prosegur Cash.

Syndicated Loan (Spain)

On 10 February 2017 Prosegur Cash arranged a five-year syndicated credit financing facility of EUR 300,000 thousand to provide the company with long-term liquidity. On 7 February 2019, this syndicated financing facility was renewed, and its maturity extended by another 5 years until February 2024. At 30 June 2019 the balance drawn down from this loan amounted to EUR 40,000 thousand.

The interest rate of the drawdowns under the syndicated financing operation is equal to Euribor plus an adjustable spread based on the company’s rating.

Bonds and other marketable securities

On 4 December 2017, Prosegur Cash, launched a EUR 600,000 thousand bond issue maturing on 4 February 2026. The bond was issued in the Euromarket as part of the Euro Medium Term Note Programme. This issue will enable the deferment of maturities of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.38% payable at the end of each year.

Bailment

Prosegur Cash in Australia has access to facilities under loan for use for the supply of cash to automated teller machines belonging to Prosegur. According to the contract, cash is owned by the bailor of the loan in use, who has contracts directly with Prosegur. Prosegur Cash has access to this money with the only purpose of loading into the ATMs belonging to it, which are provisioned under this contract. The settlement of the assets and liabilities is carried out via regulated clearing systems, such as the right to offset balances. As a result of the foregoing, no assets and liabilities are shown in these consolidated financial statements for this item. The outstanding cash amount at 30 June 2019 is AUD 36,900 thousand (equivalent to EUR 22,700 thousand) (at 31 December 2018 it was AUD 43,900 thousand, equivalent to EUR 27,700 thousand).

Bank borrowings (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, Prosegur arranged a 4-year bullet loan on 29 January 2016 for ZAR 272,000 thousand.

On 20 June 2019, and as consequence of exercising the sales option on the 33.33% holding in SBV (Note 12), the entire loan has been cancelled in advance, therefore there is no outstanding amount at 30 June 2019 (at 31 December 2018: 272,000 thousand Rand) equivalent value at 31 December 2018: EUR 16,534 thousand.

Syndicated loan (Australia)

On 28 April 2017, Prosegur Cash, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70 million for a 3-year term. At 30 June 2019 the drawn down capital corresponding to the loan amounts to AUD 70,000 thousand (equivalent to the close of the first half of 2019: EUR 43,093 thousand).

Other payables

Details of the most significant items making up this balance at 31 December 2018 are set out in Note 22 to the consolidated annual accounts for the year then ended.

Other payables relate to business combinations pending payments formed.

18. Taxation

Prosegur Cash consolidates as part of the Prosegur Tax Group in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation. Moreover, the Prosegur Cash Group files corporate income tax returns in the following countries: France, Luxembourg, Portugal and Australia.

The income tax expense is recognised in the interim accounting period based on the best estimate of the weighted average effective tax rate expected to apply to the annual accounting period. The income tax expense calculated for the interim accounting period may require adjusting in subsequent periods in the event of a change in the estimated annual effective tax rate.

	Thousands of Euros	
	Period ended 30 June	
	2019	2018
Current tax	44,786	50,176
Deferred tax	(6,263)	5,415
Total	**38,523**	**55,591**

	Thousands of Euros	
	Period ended 30 June	
	2019	2018
Income tax expense	38,523	55,591
Profit before tax	119,246	167,919
Effective rate	**32.31%**	**33.11%**

On 4 April 2019 The Brazilian Tax Authority notified Prosegur Brasil S.A. Transportadora de Valores e Segurança, of a tax office decision regarding Personal Income Tax, Social Security and withholdings at source in relation to the corporate cost incurred from 2014 to 2016. The amount under that notice was 214,820 thousand reals (tax liability 102,938 thousand reals, interest 30,833 thousand reals and penalties 81,049 thousand reals), equivalent value at 30 June 2019 EUR 49,371 thousand. The decision was challenged by the company in first instance and in the administrative stage on 29 April 2019. That appeal is still awaiting a ruling. The group has not made any provision associated to that litigation as it considers the likelihood of failure in defending itself in that procedure to has low probability, and it has two independent tax opinions on that classification.

Under the heading of tax liabilities the company has recorded the effect associated to the application of IFRIC 23 at 1 January 2019, for an amount of EUR 27,887 thousand (Note 2).

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

19. Contingencies

Note 25 to the consolidated annual accounts for the year ended 31 December 2018 includes information on contingent assets and liabilities at that date.

National Commission on Markets and Competition

On 22 April 2015, Spain's National Commission on Markets and Competition (hereinafter, the CNMC) commenced disciplinary proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U (currently a subsidiary of Prosegur Cash) and Loomis España, S.A. for alleged anticompetitive practices in accordance with European Union legislation. On 10 November 2016, the CNMC's Competition Chamber ruled to fine Prosegur and its subsidiary EUR 39,420 thousand.

On 13 January 2017, Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling and requested the adoption of an interim measure consisting of suspending payment of the fine imposed.

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. To date, that contentious-administrative appeal is yet to be lodged by Prosegur and a ruling will subsequently be handed down by the the National High Court on the merits of the case.

With regard to the request for the interim measure, on 31 March 2017, the National Court agreed to it and suspended execution of the CNMC resolution in particular concerning payment of the fine by Prosegur, on the condition that, within a maximum of two months, Prosegur should provide surety or any other guarantee in the amount of the fine. On 9 June 2017, Prosegur presented the National Court with a bank guarantee amounting to EUR 39,420 thousand.

Prosegur will undertake solely and at its own expense the defence of Prosegur and Prosegur Servicios de Efectivo España, S.L. with regard to the disciplinary proceedings and the resolution by the Competition Chamber of the CNMC on 10 November 2016, with exclusive powers in respect of the supervision and control of said defence and of the contentious-administrative proceedings. Prosegur has agreed to indemnify Prosegur Cash for any fine that might be imposed on the subsidiary of Prosegur Cash in this procedure, and as a result, Prosegur Cash has not recognised any provision in that respect.

20. Business Combinations

Details of changes in goodwill during the first half of 2019 are presented in Note 10.2.

20.1. Goodwill included in 2019

Details of the net assets acquired and goodwill recognised on business combinations during the first half of 2019 are as follows:

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Business combinations Cash Europe (1)	2,650	-	**2,650**	2,214	**436**
Business combinations Cash Latin America (1)	17,772	16,143	**33,915**	19,602	**14,313**
Cash business combinations in AOA (1)	905	2,692	**3,597**	280	**3,317**
	21,327	**18,835**	**40,162**	**22,096**	**18,066**

(1) Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Goodwill is not tax-deductible.

The cash outflow incurred to purchase these businesses, net of cash acquired, is as follows:

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Europe (1)	2,650	(2,157)	**493**
Business combinations Cash Latin America (1)	17,772	(2,438)	**15,334**
Cash business combinations in AOA (1)	905	(23)	**882**
	21,327	(4,618)	**16,709**

(1) Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Cash business combinations in Latin America

During the first half of 2019, in Latin America Prosegur acquired a number of security companies and assets providing cash in transit and cash management services and administrative banking services. The total acquisition price was EUR 33,915 thousand, comprising a cash consideration of EUR 17,772 thousand, a deferred contingent consideration amounting to a total of EUR 12,040 thousand, due in 2019 and 2020 and a deferred payment of EUR 4,103 thousand, due in 2020 and 2021.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,438	2,438
Property, Plant and Equipment	588	588
Clients and other receivables	4,947	4,947
Non-current financial assets	24	24
Current tax assets	416	416
Trade and other payables	(5,480)	(5,480)
Short-term financial liabilities	(270)	(270)
Current tax liabilities	(776)	(776)
Provisions	(673)	(673)
Deferred tax liability	(154)	(4,710)
Other intangible assets	48	23,098
Identifiable net assets acquired	**1,108**	**19,602**

The goodwill on this acquisition has been allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur Cash. The intangible assets are based on client relationships (EUR 21,707 thousand) with a useful life of 9-13 years and a non-competition agreement (EUR 1,343 thousand) with a useful life of 10 years.

Cash business combinations in Europe

During the first half of 2019, Prosegur acquired a number of security companies in Europe providing cash management services related to digital software in the retail sector. The total purchase price was EUR 2,650 thousand, comprising a cash payment of EUR 2,650 thousand.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,157	2,157
Clients and other receivables	337	337
Property, Plant and Equipment	2	2
Trade and other payables	(144)	(144)
Deferred tax assets	2	2
Short-term financial liabilities	(38)	(38)
Long-term financial liabilities	(150)	(150)
Other intangible assets	48	48
Identifiable net assets acquired	**2,214**	**2,214**

The goodwill on this acquisition has been allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

Cash business combinations in AOA

During the first half of 2019, Prosegur acquired a security company that provides cash in transit and cash management services. The total purchase price was EUR 3,597 thousand, comprising a cash payment of EUR 905 thousand, and a deferred payment of EUR 2,692 thousand maturing in 2019 and 2020.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	23	23
Property, Plant and Equipment	123	123
Clients and other receivables	344	344
Trade and other payables	(517)	(517)
Inventory	431	431
Short-term financial liabilities	(124)	(124)
Identifiable net assets acquired	**280**	**280**

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition.

20.2. Goodwill added in 2018 whose valuation is reviewable in 2019

Details of the net assets acquired and goodwill recognised on business combinations during 2018 whose valuation is reviewable in 2019 are as follows:

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Cash business combinations in Latin America	33,161	27,634	60,795	37,049	**23,746**
	33,161	**27,634**	**60,795**	**37,049**	**23,746**

Goodwill is not tax-deductible.

The cash outflow incurred to purchase these businesses, net of cash acquired, is as follows:

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Cash business combinations in Latin America	33,161	(2,311)	30,850
	33,161	(2,311)	30,850

Cash business combinations in Latin America

In 2018, in Latin America Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 60,795 thousand, consisting of a cash payment of EUR 33,161 thousand, a deferred contingent payment for a total of EUR 27,634 thousand due for payment in 2018, 2019, 2020 and 2021.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	3,463	3,463
Property, Plant and Equipment	10,497	10,497
Clients and other receivables	15,833	15,833
Inventory	8,932	8,932
Non-current financial assets	867	867
Other financial assets	116	116
Deferred tax assets	2,226	2,226
Current tax assets	2,102	2,102
Trade and other payables	(15,186)	(15,186)
Short-term financial liabilities	(2,764)	(2,764)
Long-term financial liabilities	(2,241)	(2,241)
Other assets and liabilities	(830)	(830)
Provisions	(8,859)	(8,859)
Current tax liabilities	(565)	(565)
Deferred tax liabilities	(226)	(6,142)
Other intangible assets	(329)	29,599
Identifiable net assets acquired	**13,037**	**37,049**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 28,018 thousand) with a useful life of between 7 and 16 years, licences (EUR 178 thousand) with a useful life of 2 years, and trademarks (EUR 930 thousand) with a useful life between 2 years and one month and a half.

20.3. Goodwill incorporated in year 8 not reviewable in 2019

Details of the net assets acquired and goodwill recognised on business combinations during 2018 whose valuation has not been reviewable in 2019 are as follows:

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Cash business combinations in Europe	6,922	4,742	11,664	5,674	**5,990**
Cash business combinations in AOA	12,593	8,071	20,664	8,757	**11,907**
	19,515	**12,813**	**32,328**	**14,431**	**17,897**

Goodwill is not tax-deductible.

The cash outflow incurred to purchase these businesses, net of cash acquired, is as follows:

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Cash business combinations in Europe	6,922	(2,358)	4,564
Cash business combinations in AOA	12,593	(2,232)	10,361
	19,515	(4,590)	14,925

Cash business combinations in Europe

In 2018, in Europe, Prosegur acquired a series of security companies providing ATM management and maintenance services, cash in transit and document management and the development and marketing of software specialising in prevention of money-laundering and terrorist financing. The total acquisition price was EUR 11,664 thousand, comprising a cash consideration of EUR 6,922 thousand, a deferred contingent consideration amounting to a total of EUR 4,492 thousand, due in 2018, 2019, 2020, 2021, 2022 and 2023 and a deferred payment of EUR 250 thousand, due in 2019.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,358	2,358
Property, Plant and Equipment	176	176
Clients and other receivables	2,175	2,175
Inventory	786	786
Deferred tax assets	37	37
Current tax assets	12	12
Non-current financial assets	52	52
Trade and other payables	(1,979)	(1,979)
Other liabilities and expenses	(414)	(414)
Short-term financial liabilities	(342)	(342)
Deferred tax liabilities	(148)	(1,087)
Other Current Liabilities	(1)	(1)
Other intangible assets	429	3,901
Identifiable net assets acquired	**3,141**	**5,674**

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 3,311 thousand) with a useful life of 6-12 years and other intangible assets (EUR 161 thousand) with a useful life of 6.5 years.

Cash business combinations in AOA

In 2018, Prosegur acquired in AOA a security company that provides cash in transit and cash management services. The total purchase price has been EUR 20,664 thousand, comprising a cash payment of EUR 12,593 thousand, and a deferred contingent consideration totalling EUR 8,071 thousand.

The assets and liabilities that arose from this acquisition are as follows:

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	2,232	2,232
Property, Plant and Equipment	4,540	4,540
Clients and other receivables	6,851	6,851
Inventory	216	216
Deferred tax assets	144	654
Trade and other payables	(5,819)	(5,819)
Long-term financial liabilities	(202)	(202)
Short-term financial liabilities	(3,131)	(3,131)
Provisions	-	(1,700)
Deferred tax liabilities	(13)	(2,166)
Other intangible assets	105	7,282
Identifiable net assets acquired	**4,923**	**8,757**

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 5,717 thousand) with a useful life of 14 years, and trademarks (EUR 1,460 thousand) with a useful life of 5 years.

21. Balances and transactions with related parties

The Prosegur Cash Group is controlled by Prosegur Compañía de Seguridad, S.A., a company incorporated in Madrid which directly holds 51% of the company shares and indirectly controls a further 21.5% through its subsidiary Prosegur Assets Management.

Balances with Prosegur Group companies

The Prosegur Cash Group performs balances with companies belonging to the Prosegur Group but not included in the consolidation scope of the Prosegur Cash Group:

(Thousands of Euros)	30/06/2019	31/12/2018
Short-term investments in Group companies and associates		
Credit institutions	2,124	1,254
Trade and other receivables		
Customers	4,900	2,439
Expense advances	6,450	7,832
Other receivables	51,882	42,482
Total current assets with companies of the Prosegur Group	**65,356**	**54,007**
Total assets	**65,356**	**54,007**
Other long-term debts	1,742	1,864
Total non-current liabilities with companies of the Prosegur Group	**1,742**	**1,864**
Loans granted by group companies		
Dividends payable	21,392	64,190
Trade and other payables		
Suppliers	36,280	13,765
Other payables	8,301	968
Total current liabilities with companies of the Prosegur Group	**65,973**	**78,923**
Total liabilities	**67,715**	**80,787**

At 30 June 2018 the balances receivable by Prosegur Cash from its subsidiaries in Brazil (Note 11) recognised under the heading assets held-for-sale amount to EUR 3,482 thousand.

The Prosegur Cash Group performs transactions with companies belonging to the Prosegur Group but not included in the consolidation scope of the Prosegur Cash Group:

(Thousands of Euros)	30/06/2019	30/06/2018
Income		
Rentals and supplies	305	669
Services rendered	372	1,055
Total income	**677**	**1,724**
Expenses		
Brand	(14,092)	(14,673)
Management support services	(34,356)	(30,450)
Rentals and supplies	(6,940)	(6,701)
Other expenses	(3,252)	(3,353)
Total expenses	**(58,640)**	**(55,177)**

Remuneration of members of the Board of Directors and senior management personnel

1. Remuneration of members of the Board of Directors

Details of the total remuneration accrued by the members of the Board of Directors during the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	30/06/2019	**30/06/2018**
Fixed remuneration	362	355
Variable remuneration	222	219
Remuneration for membership of the Board and	2	1
Per diems	388	383
	974	**958**

2. Remuneration of senior management personnel

Senior management personnel are Prosegur Cash employees who hold, de facto or de jure, senior management positions reporting directly to the governing body or Executive Director, including those with power of attorney not limited to specific areas or matters or areas or matters not forming part of the entity's statutory activity.

Details of total remuneration accrued by the senior management of Prosegur Cash during the six-month periods ended 30 June 2019 and 2018 are as follows:

	Thousands of Euros	
	30/06/2019	**30/06/2018**
Total remunerations accrued by senior management	1,329	1,673

The total commitment undertaken by the Company at 30 June 2019 in relation to the incentives established in the 2017 and 2020 Plan amounts to EUR 4,139 thousand and is recognised in liabilities.

Loans to related parties

At 30 June 2019 Prosegur has not granted any loans to related parties.

Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Restated Text of the Spanish Companies Act, approved by Royal Decree Act 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the company during the first half of 2019.

Occasionally, and since the appointment of Mr Daniel Guillermo Entrecanales Domecq as a director of the company, Revolution Publicidad, S.L. has provided Prosegur Cash with advertising agency, media, marketing and communication services, within the ordinary course of business and on an arm's-length basis. Prosegur Cash does not work solely with the agency Revolution Publicidad, S.L., but receives advertising, media, marketing and communication services from other companies too. The invoicing from Revolution Publicidad, S.L. to Prosegur Cash is not material and does not represent a significant amount. At 30 June 2019, fees totalled EUR 46 thousand (EUR 18 thousand at 30 June 2018).

The Board of Directors considers that the business relationship between the agency Revolution Publicidad, S.L. and Prosegur Cash, due to its occasional, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Daniel Guillermo Entrecanales Domecq to discharge the duties of independent director of Prosegur Cash.

In 2018, Euroforum Escorial, S.A. (controlled by Gubel, S.L.) invoiced Prosegur Cash EUR 62 thousand for hotel services (EUR 72 thousand at 30 June 2018). Prosegur is controlled by Gubel S.L., which was incorporated in Madrid, and holds 51.618% of the share capital of Prosegur Cash, which it consolidates in its consolidated financial statements.

Moreover, Mr Christian Gut Revoredo and Mr Antonio Rubio Merino respectively hold the posts of Executive Director of Prosegur and Executive President of Prosegur Cash and Chief Financial Officer of Prosegur and proprietary director (representing Prosegur) at Prosegur Cash. Ms Chantal Gut Revoredo is a proprietary director at Prosegur and Prosegur Cash. The Board of Directors considers that their respective posts at Prosegur in no way affect their independence when discharging their duties at Prosegur Cash.

22. Average Headcount

Details of Prosegur's average headcount for the six-month periods ended 30 June 2019 and 30 June 2018, including the companies consolidated under the equity method, are as follows:

	30/06/2019	30/06/2018
Male	48,696	45,373
Female	11,919	10,994
	60,615	**56,367**

23. Events after the reporting date

On July 22, 2019, Prosegur Cash has signed an agreement to sell 100% of the capital of Prosegur Cash Holding France to Loomis AB (Note 11).

APPENDIX I.- Summary of the Main Accounting Principles

Standards effective from 01 January 2019 that could require changes to accounting policy and changes to presentation

The accounting principles used in the preparation of these interim condensed consolidated financial statements for the six-month period ended 30 June 2019 are the same as those followed in the preparation of the annual consolidated financial statements for 2018, Note 32 of the annual consolidated financial statements for the period ended 31 December 2018.

In addition to the first time application of IFRS 16 and IFRIC 23 (Note 2), in 2019 the following regulations came into effect, published by the IASB and IFRS Interpretations Committee and adopted by the European Union for their application in Europe, and which were therefore considered in preparing these interim condensed consolidated financial statements:

Standards		**Mandatory application Years beginning on or after: IASB Effective Date**
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatment	1 January 2019
Amendment to IAS 28	Long term interests in associate companies and Joint Ventures	1 January 2019
Amendment to IAS 19	Amendment, curtailment or settlement of a plan.	1 January 2019
Improvements to the IFRS 2015-2017	Improvements to IFRSs 2015-2017 Cycle	1 January 2019

IFRS 16 Leases and IFRIC 23 Tax Uncertainties

The application of IFRS 16 on Leases and IFRIC 23 on Uncertainty over Income Tax Treatment, which have had a significant impact on the interim condensed consolidated financial statements for the half-year period, is described in Note 2.

Amendment to IAS 28

The amendment means the Group will have to apply IFRS 9 to the financial instruments which are long term interests in an associate company or Joint Venture forming part of the net investment in that associate or Joint Venture, but which are not accounted for using the equity method.

This standard coming into force on 1 January 2019 has not had any significant impact on the consolidated financial statements of the Group.

Amendment to IAS 19

Amendment, curtailment or settlement of a plan. Specifying how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.

This standard coming into force on 1 January 2019 has not had any significant impact on the consolidated financial statements of the Group.

Improvements to IFRSs 2015-2017 Cycle

The minor amendments and improvements to IAS 28 on Investments in associates and joint ventures, IAS 12 on Income Tax and IAS 23 on borrowing costs, which are obligatory since 1 January 2019, have not had any significant effect on the financial statements of the Group.

At the date of drawing up these consolidated condensed interim financial statements, the following IFRS, amendments and interpretations of the IFRIC had been published by the IASB but their application is not obligatory:

Standards		**Application Years beginning on or after: IASB Effective Date**
IFRS 3	Amendments- Definition of a business	2020
IAS 1 and IAS 8	Disclosure Initiative-Definition of material	2020
Conceptual framework	Improvements to the conceptual framework of the International Financial Reporting Standards	2020

The Group has not applied any of these regulations or interpretations ahead of their effective date.

PROSEGUR CASH, S.A. AND SUBSIDIARIES

Consolidated Interim Directors' Report
for the six-month period
ended at 30 June 2019

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Consolidated interim directors' report for the six-month period ended 30 June 2019

1. Significant events subsequent to year-end 2018

The most significant transactions and events for Prosegur during the first half of year 2019 are summarised below:

On 4 June 2019, Prosegur Cash exercised the sales option on the 33.33% interest in SBV as, at the time of exercising it, the entire holding of Prosegur Cash did not exceed 50% of the capital. The shares taken up by Prosegur Cash were acquired by the other shareholders of the company.

During the first half of 2019, in Ibero-America Prosegur acquired a number of security companies and assets providing cash in transit and cash management services and administrative banking services. The total acquisition price was EUR 33,915 thousand, comprising a cash consideration of EUR 17,772 thousand, a deferred contingent consideration amounting to a total of EUR 12,040 thousand, due in 2019 and 2020 and a deferred payment of EUR 4,103 thousand, due in 2020 and 2021.

On 4 April Prosegur Cash entered into negotiations with Loomis AB, both by means of subsidiaries, for the sale and purchase of their operations in France. This transaction is expected to conclude in the third quarter of 2019. The final price of the transaction will be determined and paid at closing.

2. Business Performance

2.1. Sales by geographical segment

Prosegur Cash's consolidated sales for the first half of 2019 amounted to EUR 888.4 million (EUR 883.2 million at 30 June 2018), which represents a total increase of 0.6%, of which 9.6% corresponds to purely organic growth, 7.2% to inorganic growth, while the effect of the exchange rate accounts for a drop of 16.2%.

Consolidated sales are distributed by geographical area as follows:

	Millions of euros		
	June 2019	**June 2018**	**Growth**
Europe	253.2	236.2	7.2%
AOA	51.2	39.2	30.7%
Ibero-America	584.0	607.8	(3.9%)
Total Prosegur Cash	**888.4**	**883.2**	**0.6%**

Sales increased by 7.2% in the European area as compared to the same period of the previous year, corresponding to a 4.7% purely organic growth and 2.5% in inorganic growth. Sales went down in Ibero-America, with a 3.9% drop in sales compared to the same period of 2018. The variation in sales for the Ibero-American area corresponds to purely organic growth of 12.7%, 6.8% of inorganic growth, while the exchange rate effect accounts for a drop of 23.4%. Lastly, sales in the AOA region have gone up by 30.7%, mainly due to inorganic growth of 42.5% and a decrease of organic business and the exchange rate effect by 10.2% and 1.7% respectively.

2.2. Sales by business segment

Consolidated sales are distributed by business area as follows:

	Millions of euros	
	June 2019	**June 2018**
Logistics	527.8	560.9
% of total	*59.4%*	*63.5%*
Cash management	219.0	227.3
% of total	*24.6%*	*25.7%*
Outsourcing	141.6	95.0
% of total	*15.9%*	*10.8%*
Total Prosegur Cash	**888.4**	**883.2**

2.3. Margins

The consolidated operating profit (EBIT) for the first half of 2019 was EUR 136.7 million (EUR 158.6 million at 30 June 2018). The EBIT margin at the end of the first half of 2019 stood at 15.4% (18.0% at 30 June 2018).

*EBIT: Earnings before interest and tax

The EBIT margin is distributed by geographical area as follows:

				Millions of euros on 30 June 2019
	Europe	**AOA**	**Ibero-America**	**Prosegur Cash**
Sales	253.2	51.2	584.0	888.4
EBIT	13.5	2.8	120.5	136.7
EBIT margin	*5.3%*	*5.4%*	*20.6%*	*15.4%*

				Millions of euros on 30 June 2018
	Europe	**AOA**	**Ibero-America**	**Prosegur Cash**
Sales	236.2	39.2	607.8	883.2
EBIT	15.8	(4.8)	147.6	158.6
EBIT margin	*6.7%*	*(12.2%)*	*24.3%*	18.0%

2.4. Outlook for the second half of year 2019

The performance of Prosegur Cash during the first half-year of 2019 continues to be negatively affected by a macroeconomic scenario more adverse than that undergone during the same period of the previous year. Not only did this environment have a pernicious effect on the performance of Ibero-America currencies, but it also hampered economic growth in our main markets in the region, namely Brazil and Argentina.

The US Federal Reserve’s monetary policy decision to start raising interest rates, in 2018, accelerated the repatriation to the US of numbers of funds that were invested in the Ibero-America region, pushing forex rates up in various countries. In this connection, both the dollar and the euro have been appreciating significantly with respect to the main Ibero-America currencies, in particular the Brazilian real and the Argentine peso.

Furthermore, the political uncertainty in Brazil and the fiscal imbalances in Argentina, which led to its being declared a hyper-inflationary economy, continue to negatively impacting on the economic growth of both countries, hampering Brazil's economic recovery and significantly reducing Argentina's contribution.

Consequently, consolidated sales at Prosegur Cash have been hurt by the currency impact, although in constant currency terms growth remained in the double digits. In terms of the EBIT margin, the smaller weighting of Ibero-America as a result of the currency devaluation, and the adverse environments in France and Australia, explain the decline in profitability compared with the same period the previous year.

At regional level, our sales growth in local currency in Ibero-America has remained above double-digits as a result of the good performance of the markets in the markets where we operate, both in the traditional segments and in respect of new products. This positive contribution in organic terms, together with the acquisitions made during 2018 and early 2019, have partially offset the devaluation of the principal currencies, mainly the Brazilian Real and the Argentinian Peso. For the second half-year period, we will have to pay attention to the outcome of the presidential elections in Argentina and the structural reforms that might be adopted in Brazil as they will be a key factor in introducing more dynamism to the economic recovery of both countries.

The operating results in Ibero-America in the first half-year period continue to be penalised by the devaluation of our principal currencies. Nevertheless, we expect this translational impact to subside during the second half of the year, inasmuch as the exchange rates remain at levels similar to current levels.

The European region has had a positive first half year in terms of sales, due to the good performance of traditional business in all of our countries and the inorganic activity carried out in countries such as Spain and Germany. In this respect, we expect our main geographical areas to continue to see a satisfactory evolution, enabling us to maintain those levels of growth and a progressive improvement of our profit level.

Finally, the AOA region continues to noticeably increase its sales as a result of our entering the Philippine and Indonesian markets, compensating for the deterioration of the Australian market, which continues to be our main market in that region. The definitive loss of our principal Australian customer during the first half-year of 2018 and the ineffectiveness resulting from smaller sales volumes continue to hamper our returns from the region as a whole, although we hope that for the second half-year period, we will be able to start recovering part of the lost profits as a result of certain action plans that we are putting into effect. Nevertheless, we will have to keep an eye on the competitive pressure in that market, as it could bring about a delay in the expected improvement.

3. Average Headcount

Details of Prosegur Cash's average headcount for the six-month periods ended 30 June 2019 and 30 June 2018 are as follows:

	Total Prosegur Cash	
	June 2019	June 2018
Male	48,696	45,373
Female	11,919	10,994
Average staff	**60,615**	**56,367**

4. Investments

All of the Prosegur Cash's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 1 million are submitted to the Board of Directors.

During the first half of year 2019, investments were approved in fixed assets totalling EUR 39.5 million (EUR 48.9 million at 30 June 2018).

5. Financial Management

Prosegur Cash calculates net financial debt in the following manner: total current and non-current borrowings (excluding other non-bank payables) plus net derivative financial instruments, minus cash and cash equivalents, and minus other current financial assets.

The net financial debt at 30 June 2019 amounted to EUR 520.5 million (EUR 490.7 million at 31 December 2018).

- The ratio of net financial debt to equity at 30 June 2019 stood at 1.85 (1.58 at 31 December 2018)

6. Treasury Stock

The breakdown of the activity on the own shares account for the first half of year 2019 is as follows:

	No. of shares	Millions of euros
Balance on 31 December 2018	**1,057,307**	**1.94**
Purchase of own shares	5,071,177	33.91
Sale of own shares	(5,122,039)	(34.24)
Other transfers	(31,815)	(0.06)
Balance on 30 June 2019	**974,630**	**1.55**

7. Environmental issues

At 30 June 2019, Prosegur Cash has no environment-related contingencies, legal claims or income and expenses relating to the environment.

8. Alternative Performance Measures

In order to comply with ESMA Guidelines on APM’s, Prosegur Cash presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the company's performance. Prosegur Cash provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.

APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Cash Flow Conversion	The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.	Cash Flow Conversion provides the capacity of cash generation of the company.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

Working Capital (Millions of Euro)	**30.06.2019**	**31.12.2018**
Non-Current Assets held-for-sale	48.0	0.6
Inventories	22.1	19.8
Trade and other receivables	372.1	334.1
Current receivables with Prosegur group companies	65.4	54.0
Current tax assets	65.2	86.7
Cash and cash equivalents	232.4	273.8
Deferred tax assets	49.2	36.2
Trade and other payables	(285.8)	(314.0)
Current tax liabilities	(69.9)	(64.7)
Financial liabilities	(205.5)	(132.0)
Current payables with Prosegur group companies	(67.7)	(80.8)
Liabilities held-for-sale	(20.4)	-
Other current liabilities	(13.4)	(8.6)
Deferred tax liabilities	(47.9)	(41.2)
Provisions	(135.9)	(139.0)
Total Working Capital	7.9	24.9

EBIT Margin (Millions of Euro)	**30.06.2019**	**30.06.2018**
EBIT	136.7	158.6
Revenues	888.4	883.2
Adjusted EBIT Margin	15.4%	18.0%

Organic Growth (Millions of Euro)	**30.06.2019**	**30.06.2018**
Revenues for current year	888.4	883.2
Less: Revenues for the previous year	883.2	964.2
Less: Inorganic Growth	63.9	16.8
Effect of exchange rate fluctuations	(142.9)	(186.0)
Total Organic Growth	84.4	88.2

Inorganic Growth (Millions of Euro)	**30.06.2019**	**30.06.2018**
Europe	41.3	9.0
AOA	16.7	0.5
Ibero-America	41.3	7.3
Total Inorganic Growth	63.9	16.8

Effect of exchange rate fluctuations (Millions of Euro)	**30.06.2019**	**30.06.2018**
Revenues for current year (constant exchange rate 2015)	888.4	883.2
Less: Revenues for the current year at exchange rates of previous year	1,031.5	1,069.2
Effect of exchange rate fluctuations	(142.9)	(186.0)

Cash Flow Conversion Rate (Millions of Euro)	**30.06.2019**	**30.06.2018**
EBITDA	186.7	191.9
Less: items not assigned	-	-
Adjusted EBITDA	186.7	191.9
CAPEX	45.0	43.0
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	76%	78%

Net Financial Debt (Millions of Euro)	**30.06.2019**	**31.12.2018**
Financial liabilities	827.6	820.0
Financial liabilities related to leases	101	-
Adjusted financial liabilities **(A)**	929.1	820.0
Not assigned financial liabilities with group companies **(B)**	-	2.8
Cash and cash equivalents (held for sale)	(1.9)	(273.8)
Cash and cash equivalents	(232.4)	-
Less: adjusted cash and cash equivalents **(C)**	(234.3)	(273.8)
Less: not assigned current investments in group companies **(D)**	-	-
Total Net Financial Debt (A+B+C+D)	**694.7**	**549.1**
Less: Treasury shares **(E)**	(1.5)	(1.9)
Total Net Financial Debt including treasury shares (A+B+C+D+E)	**693.2**	**547.2**
Less: other non-bank payables **(F)**	(72.7)	(58.4)
Less: Financial liabilities related to leases	(101.5)	-
Treasury shares	1.5	1.9
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payaments for M&A acquisitions) **(A+B+C+D+F)**	**520.5**	**490.7**

EBITA (Millions of Euro)	**30.06.2019**	**30.06.2018**
Consolidated profit for the year	80.7	111.5
Loss from discontinued operation, net of tax	-	0.8
Income tax expenses	38.5	55.6
Net finance income / costs	17.5	(9.3)
Amortizations	9.0	7.4
EBITA	145.8	166.0

EBITDA (Millions of Euro)	**30.06.2019**	**30.06.2018**
Consolidated profit for the year	80.7	111.5
Loss from discontinued operations, net of tax	-	1
Income tax expenses	38.5	55.6
Net finance income / costs	17.5	(9.3)
Depreciation and amortization	50.0	33.3
EBITDA	186.7	191.9

As mentioned in note 2 of the consolidated abridged interim Financial Statements, the comparative information presented in this Directors Report has not been restated by the application of IFRS 16 on Leases and IAS 29 relating to financial reporting in hyperinflationary economies applied in Argentina.

9. Subsequent significant events

As of July 22nd, 2019 Prosegur Cash Group has signed a sale agreement for the 100% of the capital shares of Prosegur Cash Holding France to Loomis AB (Note 11).

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR THE FIRST HALF OF 2019

The members of the Board of Directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the financial information selected by Prosegur Cash, S.A., and the condensed interim consolidated financial statements of Prosegur Cash, S.A. and subsidiaries for the first half of 2019, authorised for issue by the Board of Directors at the meeting held on 24 July 2019 and prepared in accordance with applicable accounting principles, give a true and fair view of the equity, financial position and results of Prosegur Cash, S.A. and the consolidated subsidiaries taken as a whole, and that the respective interim directors' reports provide a reliable analysis of the required information.

Madrid, 24 July 2019.

Mr Christian Gut Revoredo
Executive President

Mr Pedro Guerrero Guerrero
Vice-President

Mr José Antonio Lasanta Luri
Executive Director

Ms Chantal Gut Revoredo *
Director

Mr Antonio Rubio Merino
Director

Mr Claudio Aguirre Pemán
Director

Ms María Benjumea Cabeza de Vaca
Director

Ms Ana Inés Sainz de Vicuña Bemberg
Director

Mr Daniel Guillermo Entrecanales Domecq
Director

* Mrs. Chantal Gut Revoredo does not sign this declaration for having attended, represented by D.Christian Gut Revoredo, to the meeting of the Board of Directors where the information, financial statements and reports referred to therein were made.

Certification attesting that, at their meeting held in Madrid on 24 July 2019, the Board of Directors of Prosegur Cash, S.A. drew up the half-yearly financial report for the first half of 2019, which comprises the following documents: selected individual financial information; selected consolidated financial information; the condensed interim consolidated financial statements and interim directors' report of Prosegur Cash, S.A. and subsidiaries; and the directors' statement of responsibility. All of these documents refer to the first half of 2019 and were unanimously authorised for issue by the Board of Directors of the Company at the meeting held on the above-mentioned date, as required by article 35 of Law 24/1988 of 27 July 1988 on the Securities Market.

The aforementioned documents, combined as a single unit, are transcribed on the preceding sheets of paper, which are numbered consecutively and printed on one side only. All sheets have been signed by the Secretary to the Board of Directors for identification purposes and stamped with the Company stamp.

In accordance with the applicable legislation in force, the directors currently comprising the Board of Directors of the Company have signed the last page of this document, to which I, the Secretary to the Board of Directors, bear witness in Madrid on 24 July 2019.

Signed Mrs Renata Mendaña Navarro
Secretary (non-director) to the Board

Mr Christian Gut Revoredo
Executive President

Mr Pedro Guerrero Guerrero
Vice-President

Mr José Antonio Lasanta Luri
Executive Director

Ms Chantal Gut Revoredo
Director

Mr Antonio Rubio Merino
Director

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Director

Mr Daniel Guillermo Entrecanales Domecq

Director