

# Prosegur Cash, S.A. and subsidiaries

## **Condensed Consolidated Interim Financial Statements**

30 June 2017

## **Consolidated Interim Directors' Report**

2017

(With Limited Review Report Thereon)

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



KPMG Auditores, S.L.  
Paseo de la Castellana, 259 C  
28046 Madrid

## Limited Review Report on the Condensed Consolidated Interim Financial Statements

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

To the Shareholders of  
Prosegur Cash, S.A. commissioned by the Company's Directors

### **Report on the Condensed Consolidated Interim Financial Statements**

#### *Introduction*

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Prosegur Cash, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the statement of financial position at 30 June 2017, the income statement, statement of comprehensive income, statement of changes in equity, cash flows statement and the explanatory notes for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### *Scope of Review*

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

#### *Conclusion*

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

*Emphasis of Matter*

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2016. This matter does not modify our conclusion.

**Report on Other Legal and Regulatory Requirements**

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2017 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2017. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Prosegur Cash, S.A. and subsidiaries.

**Paragraph on Other Matters**

This report has been prepared at the request of the Company's Directors in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Bernardo Rücker-Embden

9 November 2017

**PROSEGUR CASH, S.A. AND SUBSIDIARIES**

**Condensed consolidated interim financial statements  
for the six-month period  
ended 30 June 2017**

**(Translation from the original in Spanish. In the event of discrepancy,  
the Spanish language version prevails)**

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**I. CONSOLIDATED INCOME STATEMENT – COSTS BY FUNCTION**

(In thousands of euros)	Note	Six-month period ended on 30 June	
		2017	2016
Revenue		964,156	787,860
Costs to sell	5, 6	(633,524)	(512,761)
<b>Gross profit</b>		<b>330,632</b>	<b>275,099</b>
Other income	7	88,834	10,850
Sale and administrative expenses	5, 6	(158,896)	(141,789)
Other expenses	7	(4,477)	(1,435)
Investment accounted for using the equity method	12	672	(1,463)
<b>Operating profit/loss (EBIT)</b>		<b>256,765</b>	<b>141,262</b>
Finance income	8	14,829	10,219
Finance expenses	8	(10,823)	(10,720)
Net financial expenses		4,006	(501)
<b>Profit before tax</b>		<b>260,771</b>	<b>140,761</b>
Income tax	18	(66,343)	(47,717)
<b>Post-tax profit from continuing operations</b>		<b>194,428</b>	<b>93,044</b>
Profit/(loss) for the period from interrupted operations	11	-	(53,504)
<b>Consolidated profit for the period</b>		<b>194,428</b>	<b>39,540</b>
Attributable to:			
Owners of the parent		194,427	39,398
Non-controlling interests		1	142
<b>Earnings per share from continuing operations attributable to the owners of the parent (Euros per share)</b>			
- Basic	15.3	0.13	0.14
- Diluted	15.3	0.13	0.14
<b>Earnings/(loss) per share from interrupted operations attributable to the owners of the parent (Euros per share)</b>			
- Basic		-	(0.08)
- Diluted		-	(0.08)

The notes included on pages 10 to 40 form an integral part of the condensed consolidated interim financial statements.

**II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(In thousands of euros)	Six-month period ended on 30 June	
	2017	2016
<b>Profit for the period</b>	<b>194,428</b>	<b>39,540</b>
<b>Other comprehensive income:</b>		
<b>Items which are reclassified to profit and loss</b>		
Translation differences of financial statements of foreign operations	(74,492)	59,590
	<b>(74,492)</b>	<b>59,590</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>119,936</b>	<b>99,130</b>
Attributable to:		
- Owners of the parent	119,934	98,898
- Non-controlling interests	2	232
	<b>119,936</b>	<b>99,130</b>

The notes included on pages 10 to 40 form an integral part of the condensed consolidated interim financial statements.



**III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(In thousands of euros)	Note	30 June 2017	31 December 2016
<b>ASSETS</b>			
Property, plant and equipment	10	269,408	266,359
Goodwill	10	320,187	317,351
Other intangible assets	10	151,304	173,856
Investments accounted for using the equity method	12	27,382	28,955
Non-current financial assets		4,984	2,058
Deferred tax assets		75,315	89,546
<b>Non-current assets</b>		<b>848,580</b>	<b>878,125</b>
Inventory	14	7,658	7,457
Trade and other receivables		421,869	426,776
Current receivables with Prosegur group companies	21	52,119	65,430
Current tax asset		58,179	102,352
Non-current assets held for sale	11	151,156	266,568
Cash and cash equivalents	13	298,952	188,780
<b>Current assets</b>		<b>989,933</b>	<b>1,057,363</b>
<b>Total assets</b>		<b>1,838,513</b>	<b>1,935,488</b>
<b>EQUITY</b>			
Share capital	15	30,000	30,000
Treasury shares	15	(2,464)	-
Translation differences		(459,566)	(385,073)
Accumulated earnings and other reserves		734,962	540,535
<b>Equity attributable to equity holders of the Parent</b>		<b>302,932</b>	<b>185,462</b>
Non-controlling interests		13	11
<b>Total equity</b>		<b>302,945</b>	<b>185,473</b>
<b>LIABILITIES</b>			
Financial liabilities	17	676,088	634,720
Deferred tax liabilities		59,885	67,224
Provisions	16	145,944	137,047
<b>Non-current liabilities</b>		<b>881,917</b>	<b>838,991</b>
Trade and other payables		303,763	334,796
Current tax liabilities		70,601	118,525
Financial liabilities	17	60,658	87,315
Current payables with Prosegur group companies	21	39,103	168,708
Provisions	16	4,064	3,121
Liabilities held for sale	11	155,484	184,688
Other current liabilities		19,978	13,871
<b>Current liabilities</b>		<b>653,651</b>	<b>911,024</b>
<b>Total liabilities</b>		<b>1,535,568</b>	<b>1,750,015</b>
<b>Total equity and liabilities</b>		<b>1,838,513</b>	<b>1,935,488</b>

The notes included on pages 10 to 40 form an integral part of the condensed consolidated interim financial statements.

PROSEGUR CASH, S.A. AND SUBSIDIARIES

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

#### IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

##### PERIOD ENDED 30 JUNE 2017

(In thousands of euros)

	Equity attributable to equity holders of the Parent						Non Controlling interests	Total equity
	Capital (Note 15)	Share premium (Note 15)	Own shares (Note 16)	Translation differences	Retained earning and others reserves	Total		
<b>Balance at 1 January 2017</b>	<b>30,000</b>	-	-	<b>(385,073)</b>	<b>540,535</b>	<b>185,462</b>	<b>11</b>	<b>185,473</b>
Total comprehensive income for the period ended 30 June 2016	-	-	-	(74,493)	194,427	119,934	2	<b>119,936</b>
Acquisition/sale of treasury shares	-	-	(2,464)	-	(2,464)			<b>(2,464)</b>
<b>Balance at 30 June 2017</b>	<b>30,000</b>	-	<b>(2,464)</b>	<b>(459,566)</b>	<b>734,962</b>	<b>302,932</b>	<b>13</b>	<b>302,945</b>

The notes included on pages 10 to 40 form an integral part of the condensed consolidated interim financial statements.

PROSEGUR CASH, S.A. AND SUBSIDIARIES

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

**PERIOD ENDED 30 JUNE 2016**

(In thousands of euros)

	Equity attributable to equity holders of the Parent						
	Capital (Note 15)	Share premium (Note 15)	Translation differences	Accumulated earnings and other reserves	Total	Minority interests	Total equity
<b>Balance at 1 January 2016</b>	-	-	<b>(438,410)</b>	<b>1,385,829</b>	<b>947,419</b>	<b>9,728</b>	<b>957,147</b>
Total comprehensive income for the period ended 30 June 2016	-	-	59,500	39,398	98,898	232	99,130
Issue of ordinary share 22/02/2016	3	-	-	(3)	-	-	-
Issue of ordinary share 06/05/2016	-	176,641	-	(176,641)	-	-	-
Dividends	-	-	-	(48,719)	(48,719)	-	(48,719)
Capitalizations	-	-	-	19,063	19,063	-	19,063
Dividends to Security Companies	-	-	-	(46,781)	(46,781)	-	(46,781)
Acquisitions from integrated Companies (Note 20)	-	-	-	(3,873)	(3,873)	-	(3,873)
Other movements	-	-	-	(1,598)	(1,598)	(712)	(2,310)
<b>Balance at 30 June 2016</b>	<b>3</b>	<b>176,641</b>	<b>(378,910)</b>	<b>1,166,675</b>	<b>964,409</b>	<b>9,248</b>	<b>973,657</b>

The notes included on pages 10 to 40 form an integral part of the condensed consolidated interim financial statements.

**V. CONSOLIDATED CASH FLOW STATEMENT**

	Note	Six-month period ended on	
		30 June	
		2017	2016
(In thousands of euros)			
<b>Cash flows from operating activities</b>			
Profit for the period		194,428	39,541
Adjustments for:			
Depreciation and amortisation	5, 10	33,175	28,963
Impairment losses on non-current assets	7	-	9
Impairment losses on trade receivables and stock	7, 14	826	874
Investments accounted for using the equity method		(672)	1,324
Change in provisions	16	27,575	21,921
(Profit) / Loss for sale companies	7	(84,958)	3,544
Finance income	8	(32,342)	(11,100)
Finance expenses	8	14,044	54,833
Gains/losses on derecognition and sale of property, plant and equipment	7	(2,011)	(108)
Income tax	18	64,219	43,309
<b>Changes in working capital, net of the effect of acquisitions and translation differences</b>			
Inventory		93	(4,477)
Trade and other receivables		(33,213)	(65,837)
Trade and other payables		(7,683)	12,121
Payment of provisions	16	(7,367)	(10,858)
Other liabilities		40,937	1,322
<b>Cash from operating activities</b>			
Interest paid		(9,257)	(9,754)
Income tax paid		(94,213)	(48,986)
<b>Net cash from operating activities</b>		<b>103,581</b>	<b>56,641</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	7	36,039	-
Proceeds from sale of financial assets	7, 11	70,300	-
Proceeds from sale of subsidiaries held-for-sale, net of cash and cash equivalents	7	48,919	51,350
Interest collection		115	11,100
Acquisition of subsidiaries, net of cash and cash equivalents	20	(15,496)	(548)
Acquisition of property, plant and equipment	10	(48,881)	(29,440)
Acquisition of intangible assets	10	(1,432)	(1,165)
Acquisition of joint ventures, net of cash and cash equivalents	12	-	(3,873)
<b>Net cash from investing activities</b>		<b>89,564</b>	<b>27,424</b>
<b>Cash flows from financing activities</b>			
Collections from sales of own shares	15	(2,464)	3
Payments from the capital reduction of subsidiaries		-	(46,781)
Proceeds from loans and borrowings	17	47,871	-
Payments for loans and borrowings		(26,857)	(60,819)
Payments for group companies debts		(110,646)	-
Proceeds from group companies		-	55,135
Payments for other financial liabilities		(9,443)	(28,031)
Dividends paid		-	(74,619)
<b>Net cash used in financing activities</b>		<b>(101,539)</b>	<b>(155,112)</b>
Net increase/(decrease) in cash and cash equivalents		91,606	(71,047)
Cash and cash equivalents at the beginning of period		211,603	241,425
Effect of exchange differences		(4,257)	(3,003)
<b>Cash and cash equivalents at the end of the period</b>		<b>298,952</b>	<b>167,375</b>

The notes included on pages 10 to 40 form an integral part of the condensed consolidated interim financial statements.

## VI. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. General information

Prosegur Cash is a business group comprising Prosegur Cash, S.A. (the "Company") and its subsidiaries (together, Prosegur Cash) that provides primarily cash and valuables in transit services in the following countries: Spain, Portugal, France, Germany, Romania, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, India, South Africa and Australia.

Prosegur is organised and structured across the following geographical regions:

- Europe
- Latin America (Latam)
- Asia-Oceania and Africa (AOA)

The services provided by Prosegur Cash fall within the following activity lines:

- Logistics
- Cash Management
- Outsourcing

Prosegur Cash is filed with the Companies Registry of Madrid and has its registered office at calle Santa Sabina, nº 8 (Madrid). Prosegur Cash is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A. ("Prosegur"), which currently owns 51% of its shares while indirectly controlling a further 21.5% through its fully-owned subsidiary, Prosegur Assets Management, S.L.U.

The Company is a Spanish public limited company (*sociedad anónima*) whose shares were first listed on the Madrid, Bilbao, Valencia and Barcelona Stock Exchanges on 17 March 2017 and which are traded through the Spanish Stock Exchange Interconnection System (continuous market, known as SIBE). The Company was incorporated in Madrid on 22 February 2016 as a limited liability company under the laws of Spain and was subsequently converted into a public limited company on 21 September 2016.

Prosegur Cash is primarily engaged in the following services through a number of companies dedicated to the Cash business: (i) transit and processing services within Spain and internationally (by land, sea and air) for cash and other high-value objects (including jewellery, works of art, precious metals, electronic devices, voting cards, court evidence), including pick-up, transport, custody and depositing; (ii) cash processing and automation (including, among other services, counting, processing and packaging, along with currency recycling, cash flow control and cash tracking systems); (iii) integrated solutions for ATMs (including planning, loading, monitoring, first- and second-level maintenance and cash tallying); (iv) planning and forecasting cash requirements for financial institutions; (v) self-service cash machines (including pay-in machines, coin and banknote recycling and dispensing services and bill payment services); and (vi) added-value outsourced services (AVOS) for banks (including outsourcing services for teller staff, multi-agency services, cheque processing and related administrative services).

The consolidated and individual annual accounts of Prosegur Cash, S.A. for 2016 were approved at the General Shareholders' Meeting held on 1 March 2017.

### **Structure of Prosegur**

Prosegur Cash, S.A. is the parent company of a group comprising various subsidiary companies, as listed in Appendix I to the Notes to the consolidated financial statements at 31 December 2016. Prosegur Cash also holds a number of Joint Arrangements (see Note 14 and Appendix II of the Notes to the consolidated financial statements at 31 December 2016).

The principles applied when drawing up the consolidated annual accounts of Prosegur Cash and when defining the scope of the consolidated group are explained in Note 32.1 and Note 2, respectively, to the consolidated financial statements at 31 December 2016.

## **2. Basis of presentation, estimates made and accounting policies**

These condensed consolidated interim financial statements of Prosegur Cash for the six-month period ended 30 June 2017 have been drawn up in accordance with IAS 34 - Interim financial reporting.

In accordance with the provisions of IAS 34, interim financial reports are drawn up with the sole intention of updating the content of the latest consolidated annual accounts prepared by Prosegur Cash, with emphasis on new activities, events and circumstances that have occurred during the six-month period ended 30 June 2017, without duplicating the information previously published in the consolidated annual accounts for the year 2016.

With this in mind, and to ensure that the information contained in these condensed consolidated interim financial statements is readily understandable, these statements should be read in conjunction with Prosegur Cash's consolidated annual accounts for the year ended 31 December 2016, which were drawn up in accordance with International Financial Reporting Standards (IFRS), adopted for use within the European Union and approved by current European Council Regulations and other applicable provisions of the financial reporting regulatory framework (IFRS-EU).

The estimates, made in reliance on best available information, are the same as those indicated in the Notes to the consolidated financial statements for the year 2016. During the six-month period ended 30 June 2017, there were no significant changes in the estimates made at year-end 2016.

Except for Appendix I, the accounting policies applied in preparing these condensed consolidated interim financial statements at 30 June 2017 are the same as those applied in drawing up Prosegur's consolidated annual accounts at 31 December 2016, details of which are included in Note 32 of those consolidated financial statements.

Corporate income tax for the six-month period ended 30 June 2017 is calculated using the tax rate expected to apply to earnings for the year.

### **Comparative information**

The condensed consolidated interim financial statements include, for comparative purposes and in addition to the consolidated figures for the six-month period ended 30 June 2017, figures for the same period of the previous year. This comparative information appears alongside each of the entries on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the Notes to the condensed consolidated financial statements, but not on the consolidated statement of financial position, which presents consolidated figures for the year ended 31 December 2016.

### **3. Changes in the composition of the Group**

Appendix I to the consolidated financial statements for the year ended 31 December 2016 provides relevant information on the Group companies that were consolidated at that date.

No new companies were set up during the first six months of 2017.

### **4. Events which have taken place since year-end 2016**

Further to the content of Note 3 regarding changes in the composition of the Group, the most relevant events and transactions to have taken place during the first six months of 2017 are described below:

On 13 January 2017, Prosegur Compañía de Seguridad, S.A. (Prosegur) filed a contentious-administrative appeal before the National Court, asking for the ruling of the National Markets and Competition Commission (CNMC) to be overturned and seeking also temporary suspension of payment of the penalty imposed on the company. On 13 February 2017, the National Court agreed to hear the appeal announced by Prosegur and initiated preliminary proceedings prior to the appeal being brought. To date, Prosegur has yet to officially lodge the appeal, meaning therefore that National Court has yet to hear the case and deliver its decision on the merits of the appeal. No final judgment is expected to be handed down this year. However, Prosegur agreed in 2016 to indemnify Prosegur Cash for any ensuing fine that may be imposed on its subsidiary, Prosegur Servicios de Efectivo España, S.L., as a result of these proceedings. Accordingly, Prosegur Cash has not recognised any provisions. On 10 February 2017, the Company arranged a syndicated credit facility at a term of five years and with a limit of 300 million euros. At 30 June 2017, no amount had been utilised under that facility.

On 21 February 2017, the financial assets and liabilities assumed with the Prosegur Group were paid in full. Those assets and liabilities comprised a credit facility and other financial assets for a total of 24.4 million euros and 2.2 million euros, respectively, and a loan and other financial liabilities for the sum of 134.8 million euros and 2.1 million euros, respectively.

## PROSEGUR CASH, S.A. AND SUBSIDIARIES

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

On 17 March 2017, the shares of Prosegur Cash started to trade at 2 euros per share on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The shares are traded through the Spanish Stock Exchange Interconnection System (continuous market, known as SIBE).

On 7 April 2017, the stock market floatation green shoe period came to an end, with 27.5% of the Company's total shares traded on the market. Prosegur Cash is controlled by Prosegur, which owns 72.5% of its shares.

On 28 April 2017, Prosegur Cash arranged a three-year syndicated financing facility through its subsidiary Prosegur Australia Investments Pty, for a sum of 70 million Australian dollars. At 30 June 2017, the capital utilised under the loan amounted to 70 million Australian dollars (equivalent value at the end of the first half 2017: 47.1 million euros).

On 8 May 2017, Prosegur Cash entered into a liquidity provider's agreement fully compliant with applicable law and regulations. The preliminary share subscription period ended on 8 June 2017 and the shares were duly deposited in the securities account, having successfully reached the target figure of 1,000,000 shares. Steps were then taken to improve the transaction liquidity and regular trading in the Company's shares, as per the terms of the Liquidity Provider's Agreement (see Note 15.2).



## 5. Selling, general and administrative expenses

The main expense items under the heading selling, general and administrative expenses on the income statement for the six-month periods ended 30 June 2017 and 2016 are listed below:

<b>Thousands of euros</b>		
<b>Period ended 30 June</b>		
	<b>2017</b>	<b>2016</b>
Supplies	23,423	20,861
Employee benefits expense (Note 6)	458,532	372,303
Operating leases	11,403	12,182
Supplies and external services	55,534	49,769
Depreciation and amortisation	17,977	14,883
Other expenses	66,655	42,763
<b>Total costs to sell</b>	<b>633,524</b>	<b>512,761</b>

<b>Thousands of euros</b>		
<b>Period ended 30 June</b>		
	<b>2017</b>	<b>2016</b>
Supplies	703	596
Employee benefits expense (Note 6)	40,700	53,409
Operating leases	15,703	12,844
Supplies and external services	19,398	28,927
Depreciation and amortisation	15,198	14,080
Other expenses	67,194	31,933
<b>Total sale and administrative expenses</b>	<b>158,896</b>	<b>141,789</b>

Total supply costs included on the consolidated income statement for the six-month period ended 30 June 2017 amounted to 24,126 thousand euros (21,457 thousand euros in 2016).

## 6. Employee benefit expenses

Employee benefit expenses for the six-month periods ended 30 June 2017 and 2016 were as follows:

<b>Thousands of euros</b>		
<b>Period ended 30 June</b>		
	<b>2017</b>	<b>2016</b>
Salaries and wages	365,534	314,524
Social Security	87,632	77,511
Other employee benefits expenses	26,234	23,244
Termination payments	19,832	10,433
<b>Total employee benefits expense</b>	<b>499,232</b>	<b>425,712</b>

The heading Wages and salaries includes the costs incurred under the 2017 Long-Term Incentives Plan for the CEO and senior management of Prosegur Cash (see Note 16).

**7. Other income and expense**

Other income on the income statement for the six-month periods ended 30 June 2017 and 2016 was as follows:

	Thousands of euros	
	Period ended 30 June	
	2017	2016
Profits on the sale of property, plant and equipment / investment property	2,311	108
Income from the sale of intangible assets	36,039	-
Profits in the sale of shares	48,919	-
Revenue from royalties	-	7,183
Rental income from investments property	1,249	3,268
Other income	316	291
	<b>88,834</b>	<b>10,850</b>

Other income for the period ended 30 June 2017 shows mainly the net proceeds obtained from the sale of investment property in Argentina to the Prosegur Group, which was reclassified to non-current assets held for sale in January 2016, for the sum of 2,311 thousand euros. It also shows net earnings of 1,249 thousand euros from the lease of those same investment properties through to the time of sale; the recognised gain from the sale of Prosegur Cash's 100% stake in the Spanish company Compañía Ridur 2016, S.A. in March of 2017 in a deal valued at 48,919 thousand euros; and the recognised gain from the sale to the Prosegur Group in March 2017 of certain Prosegur trademarks owned by Juncadella Prosegur Internacional, S.A. for the sum of 36,039 thousand euros.

The purchase prices for the investment property, of the subsidiary Compañía Ridur 2016, S.A. and for the trademarks owned by Juncadella Prosegur Internacional, S.A. were determined on the basis on appraisals conducted by independent experts close to the time of sale.

Other income for the period ended 30 June 2016 also included revenue of 7,183 thousand euros from the use of the Prosegur trade mark. This income was not reported in 2017 due to the sale of the trade mark as just mentioned.

Other expenses on the consolidated income statement for the six-month periods ended 30 June 2017 and 2016 were as follows:

	Thousands of euros	
	Period ended 30 June	
	2017	2016
Impairment losses on trade receivables	(777)	(733)
Impairment losses on non-current assets (Note 10.1)	-	(30)
Loss form sale investments property (Note 11)	(300)	-
Other expenses	(3,400)	(672)
<b>Total other expenses</b>	<b>(4,477)</b>	<b>(1,435)</b>

## 8. Net finance costs

Net finance costs for the six-month periods ended 30 June 2017 and 2016 were as follows:

	Thousands of euros	
	Period ended 30 June	
	2017	2016
Interest paid	(5,673)	(5,871)
Interest received	83	10,219
Net gains/(losses) on foreign currency transactions	14,746	(624)
Financial cost of leasing transactions	(947)	(770)
Losses on the fair value of financial instruments	(143)	-
Other net financial income and costs	(4,060)	(3,455)
<b>Total net financial expenses</b>	<b>4,006</b>	<b>(501)</b>

## 9. Segment reporting

The Board of Directors is the supreme operational decision-making body at Prosegur Cash and, along with the Audit Committee, reviews the internal financial information of Prosegur in order to assess performance and allocate resources accordingly.

The Board of Directors analyses the group business at level on two fronts: by region and by activity. From a regional perspective, there are three segments: Europe, Latin America (Latam) and Asia-Oceania and Africa (AOA). These in turn include the business segments known as Cash and Valuables in Transit, Cash Management and New Products.

The Board of Directors relies on EBIT to assess the performance of the different operating segments, since this indicator is considered the best measurement of the performance and results of the Prosegur Cash Group's different activities.

Ordinary income by segment for the six-month periods ended 30 June 2017 and 2016 was as follows:

Thousands of euros	Europe		AOA		LatAm		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Logistics	127,741	129,234	27,806	25,653	479,301	374,769	634,848	529,656
% of total	57%	58%	53%	59%	70%	72%	66%	67%
Cash management	73,599	73,476	19,272	16,810	157,445	117,176	250,316	207,462
% of total	33%	33%	37%	39%	23%	22%	26%	26%
Outsourcing	24,661	19,908	5,447	860	48,884	29,974	78,992	50,742
% of total	10%	9%	10%	2%	7%	6%	8%	7%
<b>Total sales</b>	<b>226,001</b>	<b>222,618</b>	<b>52,525</b>	<b>43,323</b>	<b>685,630</b>	<b>521,919</b>	<b>964,156</b>	<b>787,860</b>

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EBIT and earnings after tax from continuing operations broken down by segment were as follows:

Thousands of euros	Europe		AOA		LatAm		Not assigned		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Revenues	226,001	222,618	52,525	43,323	685,630	521,919	-	-	964,156
Other net expenses	(203,848)	(201,916)	(48,347)	(38,942)	(507,511)	(385,874)	84,818	10,559	(674,888)	(616,173)
Losses from investment accounted	-	-	672	(1,463)	-	-	-	-	672	(1,463)
EBITDA	22,153	20,702	4,850	2,918	178,119	136,045	84,818	10,559	289,940	170,224
Depreciation and amortisation	(7,333)	(6,109)	(3,765)	(2,793)	(22,077)	(20,060)	-	-	(33,175)	(28,962)
EBIT	14,820	14,593	1,085	125	156,042	115,985	84,818	10,559	256,765	141,262
Net finance income (cost)	(3,828)	299	(1,294)	(1,353)	9,128	553	-	-	4,006	(501)
Income tax expense	(1,816)	(2,015)	(168)	(273)	(55,359)	(42,487)	(9,000)	(2,942)	(66,343)	(47,717)
Post-tax profit from continuing operations	9,176	12,877	(377)	(1,501)	109,811	74,051	75,818	7,617	194,428	93,044

The entries under "Not assigned" are due to income and expense associated with investment property and in 2016 this also included royalty income (Note 7).

Assets allocated to segments and their reconciliation with total assets at 30 June 2017 and at 31 December 2016 were as follows:

Thousands of euros	Europe		AOA		LatAm		Not allocated to segments		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<b>Assets allocated to segments</b>	<b>98,533</b>	<b>223,603</b>	<b>118,911</b>	<b>133,974</b>	<b>1,165,977</b>	<b>1,093,878</b>	-	-	<b>1,383,421</b>
<b>Other unallocated assets</b>	-	-	-	-	-	-	<b>455,092</b>	<b>484,033</b>	<b>455,092</b>	<b>484,033</b>
Non-current assets held for sale	-	-	-	-	-	-	151,156	200,780	151,156	200,780
Investment property	-	-	-	-	-	-	-	65,788	-	65,788
Current receivables with Prosegur group	-	-	-	-	-	-	-	26,627	-	26,627
Other non-current financial assets	-	-	-	-	-	-	4,984	2,058	4,984	2,058
Cash and cash equivalents	-	-	-	-	-	-	298,952	188,780	298,952	188,780
	<b>98,533</b>	<b>223,603</b>	<b>118,911</b>	<b>133,974</b>	<b>1,165,977</b>	<b>1,093,878</b>	<b>455,092</b>	<b>484,033</b>	<b>1,838,513</b>	<b>1,935,488</b>

Total assets assigned to segments exclude the investment property sold in 2017, the assets associated with the Brazilian Security business, which are reported as available for sale, and the outstanding financial assets held with the Prosegur Group at 31 December 2016. It also excludes cash and cash equivalents and other non-current financial assets.

Liabilities allocated to segments and their reconciliation with total liabilities at 30 June 2017 and at 31 December 2016 are as follows:

Thousands of euros	Europe		AOA		LatAm		Not allocated to segments		Total	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<b>Liabilities allocated to segments</b>	<b>166,308</b>	<b>212,206</b>	<b>113,945</b>	<b>36,799</b>	<b>499,831</b>	<b>579,350</b>	-	-	<b>780,084</b>
<b>Other unallocated liabilities</b>	-	-	-	-	-	-	<b>755,484</b>	<b>921,660</b>	<b>755,484</b>	<b>921,660</b>
Financial Liabilities	-	-	-	-	-	-	600,000	600,000	600,000	600,000
Loans and borrowings	-	-	-	-	-	-	155,484	184,688	155,484	184,688
Current payables with Prosegur group companies	-	-	-	-	-	-	-	136,972	-	136,972
	<b>166,308</b>	<b>212,206</b>	<b>113,945</b>	<b>36,799</b>	<b>499,831</b>	<b>579,350</b>	<b>755,484</b>	<b>921,660</b>	<b>1,535,568</b>	<b>1,750,015</b>

Total liabilities assigned to segments exclude the liabilities associated with the Brazilian Security business, which are reported as available for sale, the accounts payable with the Prosegur Group at 31 December 2016, and also the financial liabilities associated with the syndicated loan granted to Prosegur Cash.

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

### 10.1. Property, plant and equipment

Property, plant and equipment for the six-month periods ended 30 June 2017 and 2016 was as follows:

	<b>Thousands of euros</b>	
	<b>Period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<b><u>Cost</u></b>		
<b>Balance at the start of the period</b>	<b>617,773</b>	<b>529,715</b>
Additions	48,115	27,940
Transfer Non-current assets held-for-sale	-	(9,504)
Business Combinations	6,138	51
Derecognition due to disposals or other means	(11,640)	(4,291)
Translation differences	(39,369)	12,658
<b>Balance at the end of the period</b>	<b>621,017</b>	<b>556,569</b>
<b><u>Accumulated amortisation</u></b>		
<b>Balance at the start of the period</b>	<b>(351,414)</b>	<b>(307,368)</b>
Derecognition due to disposals or other means	3,037	1,780
Transfer Non-current assets held-for-sale	-	2,721
Depreciation for the period	(23,474)	(20,084)
Translation differences	20,242	(11,008)
Provision for impairment recognised in profit and loss	-	(9)
<b>Balance at the end of the period</b>	<b>(351,609)</b>	<b>(333,968)</b>
<b><u>Net assets</u></b>		
<b>Balance at the start of the period</b>	<b>266,359</b>	<b>222,347</b>
<b>Balance at the end of the period</b>	<b>269,408</b>	<b>222,601</b>

During the first half of 2017, Prosegur Cash's additions in property, plant and equipment amounted to 48,115 thousand euros (at 30 June 2016: 27,940 thousand euros). These additions relate mainly to acquisition and fitting-out of bases and armoured vehicles in Argentina and Brazil.

At 30 June 2017, no assets were subject to restrictions on title or ownership and none had been pledged as security for specific transactions.

**10.2. Goodwill**

Goodwill for the six-month period ended 30 June 2017 was as follows:

	Thousands of euros
<b>Net amount on books on 31 December 2016</b>	<b>317,351</b>
Additions to consolidated group	13,391
Translation differences	(10,555)
<b>Net amount on books on 30 June 2017</b>	<b>320,187</b>

During the six-month period ended 30 June 2017, goodwill was incorporated from two business combinations (Note 20).

At 30 June 2017, there were no additional items triggering impairment with regard to recognised goodwill.

Goodwill for the six-month period ended 30 June 2016 was as follows:

	Thousands of euros
<b>Net amount on books on 31 December 2015</b>	<b>306,845</b>
Additions to consolidated group	908
Transfer Non-current assets held-for-sale	(12,503)
Translation differences	12,652
<b>Net amount on books on 30 June 2016</b>	<b>307,902</b>

During the same period, goodwill was incorporated from the following business combinations:

	Country	% ownership	Thousands of euros
MIV Gestión S.A.	(Spain)	100%	837
Procesos Técnicos de Seguridad y Valores SAS	(Colombia)	100%	71
			<b>908</b>

**10.3. Other intangible assets**

Other intangible assets for the six-month periods ended 30 June 2017 and 2016 were as follows:

	<b>Thousands of euros</b>	
	<b>Period ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<b><u>Cost</u></b>		
<b>Balance at the start of the period</b>	<b>306,090</b>	<b>289,277</b>
Additions	1,432	2,165
Derecognition due to disposals or other means	(101)	(1,202)
Transfer Non-current assets held-for-sale	-	(38,048)
Translation differences	(20,529)	32,831
<b>Balance at the end of the period</b>	<b>286,892</b>	<b>285,023</b>
<b><u>Accumulated amortisation</u></b>		
<b>Balance at the start of the period</b>	<b>(132,234)</b>	<b>(115,484)</b>
Derecognition due to disposals or other means	53	1,323
Transfer Non-current assets held-for-sale	-	15,083
Depreciation for the period	(9,701)	(8,879)
Derecognition due to impairment	6,294	(15,417)
<b>Balance at the end of the period</b>	<b>(135,588)</b>	<b>(123,374)</b>
<b><u>Net assets</u></b>		
<b>Balance at the start of the period</b>	<b>173,856</b>	<b>173,793</b>
<b>Balance at the end of the period</b>	<b>151,304</b>	<b>161,649</b>

**11. Non-current assets held for sale**Net assets relating to the security business

During the first half of 2016, the companies Prosegur Seguridad S.A., Prosegur Argentina Holding S.A., Prosegur Inversiones Argentina S.A., Prosegur Vigilancia Activa S.A., Servicios Auxiliares Petroleros, S.A., Xiden, S.A.C.I., Prosegur Tecnología Argentina S.A., General Industries Argentina S.A., Tellex S.A., Prosegur S.A. and Servin Seguridad S.A. in Argentina, the companies Prosec Services Pte, Ltd. and Prosegur Singapore Pte Ltd. (ex Evttec Management Service Pte Ltd.) in Singapore, the company Alarmas Prosegur Paraguay S.A. in Paraguay, and the companies Prosegur Gestión de Activos Chile Limitada and Prosegur Chile S.A. in Chile, all of which were classified as available for sale, were sold to the Prosegur Group.

In June 2016, the assets and liabilities of the companies Proservicios S.A., Proseguridad S.A. Orus S.A., Orus Selva S.A. and Inversiones RB, S.A. in Peru, of the companies Servicios de Seguridad Prosegur Regiones, Ltda., Prosegur Chile S.A. and Sociedad de Distribución Canje y Mensajería S.A. in Chile, of the company Soluciones Integrales en Seguridad Prosegur Paraguay S.A. in Paraguay, and of the Brazilian security business were all classified as held for sale.

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During the second half of 2016, all of the companies listed above except for the Brazilian security business were sold to the Prosegur Group.

At 30 June 2017, the assets and liabilities classified as held for sale were fully associated with the Brazilian Security business.

### Purchase and sale agreement for the Brazilian Security Business

In Brazil, the Prosegur Group operated a Cash and Security business through a single local company, namely Prosegur Brasil, S.A. Transportadora de Valores e Segurança ("Prosegur Brasil"). In view of the lengthy administrative and legal formalities needed to separate the Cash business from the Security business in Brazil, it was not feasible to separate the two businesses and as a result Prosegur Brasil, which includes both businesses, was transferred to Prosegur Cash.

At 31 December 2016, the Prosegur Cash Group signed an agreement to sell the Brazilian Security business to the Prosegur Group. The sale of the Brazilian Security business will be preceded by a spin-off of that business to an independent company, whereupon Prosegur Brasil will retain only the Cash business in the country. The Prosegur Cash Group expects to complete all formalities and transfer the Brazilian Security business to the Prosegur Group during the second half of 2017. It intends to use the proceeds from the sale to strengthen its cash position.

Under the terms of the purchase and sale agreement for the Brazilian Security business signed on 31 December 2016, the Prosegur Group must indemnify the Prosegur Cash Group for any contingency deriving from the Brazilian Security business and shall likewise reimburse the Prosegur Cash Group -on a quarterly basis between the signing and the completion of the sale of that business- for any net cash amounts the sold business may consume.

The purchase and sale agreement envisaged a price of 18,444 thousand euros set by Management on a basis of a report drawn up by an independent expert (see Note 21).

Global earnings for both companies for the six-month periods ended 30 June 2017 and 30 June 2016 are presented as discontinued operations on the consolidated income statements and on the consolidated statements of comprehensive income of the Prosegur Cash Group.

### **Investment property in Argentina**

Investment property in Argentina presented a carrying amount of 65,778 thousand euros at 31 December 2016.

On 12 January 2017, one floor and eight parking spaces of the investment property in Argentina were sold to a third party, representing a loss on the income statement of 300 thousand euros.

On 23 February 2017, Prosegur Cash sold the investment properties it owned to the Prosegur Group for 67,380 thousand euros, generating total income of 2,311 thousand euros (see Note 7).



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The purchase price for the investment property was determined on the basis on appraisals conducted by independent experts close to the time of sale.

The income generated through to the time of sale in 2017, which amounted to 1,249 thousand euros (3,268 thousand euros at 30 June 2016), is presented as earnings from continuing operations.

**Non-current assets held for sale and liabilities directly associated with non-current assets held for sale**

At 30 June 2017 and at 31 December 2016, non-current assets held for sale and liabilities directly associated with non-current assets held for sale were recognised at their carrying amount and encompass the following assets and liabilities:

	Thousands of Euros	
	<u>30/06/2017</u>	<u>31/12/2016</u>
<b>Non-current assets held-for-sale</b>		
Property, plant and equipment	11,530	5,652
Investment property	-	65,778
Goodwill	16,771	17,912
Other intangible assets	22,324	23,874
Deferred tax assets	31,475	18,326
Inventory	762	586
Accounts receivables	67,787	111,617
Cash and cash equivalents	507	22,823
	<u><b>151,156</b></u>	<u><b>266,568</b></u>

	Thousands of euros	
	<u>30/06/2017</u>	<u>31/12/2016</u>
<b>Liabilities directly related to non-current assets classified as held-for-sale</b>		
Long-term financial liabilities	403	20
Deferred tax liabilities	5,451	5,039
Non-current provisions	49,764	54,729
Short-term financial liabilities	5,477	5,481
Trade and other payables	94,389	119,419
	<u><b>155,484</b></u>	<u><b>184,688</b></u>

**Earnings after tax from discontinued operations**

	Thousands of Euros	
	<u>30/06/2017</u>	<u>30/06/2016</u>
Revenue	171,867	229,838
Costs to sell	(169,602)	(161,596)
<b>Gross profit</b>	<b>2,265</b>	<b>68,242</b>
Other income	176	1,510
Sale and administrative expenses	(19,072)	(67,100)
Other expenses	215	(13,788)
Results from sale of assets held-for-sale	-	(3,544)
<b>Operating loss (EBIT)</b>	<b>(16,416)</b>	<b>(14,680)</b>
Finance income	17,169	881
Finance expenses	(3,221)	(4,413)
Net gains/(losses) on foreign currency transactions	344	(39,700)
<b>Net financial income/(expenses)</b>	<b>14,292</b>	<b>(43,232)</b>
<b>Loss before income tax from discontinued operation</b>	<b>(2,124)</b>	<b>(57,912)</b>
<b>Income tax</b>	<b>2,124</b>	<b>4,408</b>
<b>Loss from discontinued operation, net of tax</b>	<b>-</b>	<b>(53,504)</b>
Attributable to:	-	-
Owners of the parent	-	(51,181)
Non-controlling interests	-	(2,323)

**Cash flows from/(used in) discontinued operations:**

	Thousands of Euros	
	<u>30/06/2017</u>	<u>30/06/2016</u>
Net cash used in operating activities	(16,101)	(11,945)
Net cash from investing activities	(766)	(568)
Net cash used in financing activities	(5,175)	(3,840)
<b>Net cash flows for the period</b>	<b>(22,042)</b>	<b>(16,353)</b>
Effect of translation differences in cash held	(274)	(531)
Net cash from changes in perimeter	70,300	30,066
<b>Net in cash and cash and equivalents</b>	<b>47,984</b>	<b>13,182</b>

**12. Investments accounted for using the equity method****12.1 Joint arrangements**

The joint arrangements of Prosegur Cash extend to the following companies:

- Companies operating in India: SIS Cash Services Private Limited and SIS Prosegur Holdings Private Limited, the latter wholly-owned by the former.

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- Companies operating in South Africa: SBV Services Proprietary Limited, SBV Services Namibia Proprietary Limited and Carrick Properties (Pinetown) Proprietary Limited; the last two wholly-owned by the former.

These companies are structured as separate vehicles and Prosegur Cash has a share of their net assets. Accordingly, Prosegur Cash has classified these shareholdings as Joint Arrangements.

Investments in joint arrangements accounted for using the equity method for the six-month periods ended 30 June 2017 and 2016 were as follows:

	Thousands of euros	
	<u>30/06/2017</u>	<u>30/06/2016</u>
<b>Balance on 1 January</b>	<b>28,955</b>	<b>13,054</b>
New additions	-	18,331
Share of profit/(loss)	672	(1,463)
Translation differences	(2,245)	1,669
<b>Balance on 30 June</b>	<b><u>27,382</u></b>	<b><u>31,591</u></b>

The main figures for investments accounted for using the equity method at year-end 2016 are included in Appendix III to the consolidated annual accounts for the year ended 31 December 2016.

Additions during the six-month period ended 30 June 2016 related mainly to the subscription by Prosegur Cash of shares representing 33.33% of the share capital of South African company SBV Services Proprietary Limited, which operates in the cash and valuables in transit sector. This transaction was completed on 25 February 2016.

The terms of the contract under which Prosegur Cash subscribed the shares in SBV are discussed in Note 14 to the consolidated annual accounts of Prosegur Cash.

Prosegur Cash has no significant commitments relating to contingent liabilities in any of the joint arrangements accounted for using the equity method.

### 13. Cash and cash equivalents

This heading was as follows at 30 June 2017 and 31 December 2016:

	Thousands of euros	
	<u>30/06/2017</u>	<u>31/12/2016</u>
Cash and banks	266,014	181,568
Current bank deposits	32,938	7,212
	<b><u>298,952</u></b>	<b><u>188,780</u></b>

The effective interest rate on current bank deposits was 8.32% (9.83% at 31 December 2016), while the average term during which deposits were held in the first half of 2017 was 13 days (17 days at 31 December 2016).

## 14. Inventory

Inventory was as follows at 30 June 2017 and 31 December 2016:

	Thousands of euros	
	<u>30/06/2017</u>	<u>31/12/2016</u>
Fuel and other	3,980	3,620
Operating materials	2,231	2,278
Uniforms	396	415
Impairment of inventory	(185)	(137)
Others	1,236	1,281
	<u><b>7,658</b></u>	<u><b>7,457</b></u>

This heading includes fuel and operating material such as security badges, bags, and so on.

No inventories have been pledged as collateral to secure debt obligations.

## 15. Equity

### 15.1. Share capital

On 30 June 2017, the share capital of Prosegur Cash, S.A. totalled 30,000 thousand euros, divided into 1,500,000 shares each of a par value of 0.02 euros, all fully subscribed and paid up and all listed on the Madrid, Bilbao, Valencia and Barcelona Stock Exchanges and traded on the Spanish Stock Exchange Interconnection System (continuous market, known as SIBE).

### 15.2. Treasury shares

On 8 May 2017, Prosegur Cash entered into a liquidity provider's agreement fully compliant with applicable law and regulations.

The preliminary share subscription period ended on 8 June 2017 and the shares were duly deposited in the securities account, having successfully reached the target figure of 1,000,000 shares. Steps were then taken to improve the transaction liquidity and regular trading in the Company's shares, as per the terms of the Liquidity Provider's Agreement (see Note 4).

Movements in treasury shares during the first half of 2017 were as follows:

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

	Number of shares	Thousands of euros
<b>Balance on 31 December 2016</b>	-	-
Prior acquisition period	1,000,000	2,337
Sale of own shares	544,664	1,243
Purchase of own shares	(479,855)	(1,116)
<b>Balance on 30 June 2017</b>	<b>1,064,809</b>	<b>2,464</b>

### 15.3. Earnings per share

- **Basic**

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

	30/06/2017			30/06/2016		
	Continuing operations	Interrupted operations	Total	Continuing operations	Interrupted operations	Total
Profit for the year attributable to owners of the parent	194,428	-	194,428	93,044	(53,504)	39,540
Weighted average number of ordinary shares outstanding	1,499,762,304	1,499,762,304	1,499,762,304	651,724,191	651,724,191	651,724,191
<b>Basic earnings per share</b>	<b>0.13</b>	-	<b>0.13</b>	<b>0.14</b>	<b>(0.08)</b>	<b>0.06</b>

Earnings per share for the six-month period ended 30 June 2016 were calculated on the assumption that the Company existed since the start of the year and held the same number of shares as at 31 December 2016 following the rights issues.

- **Diluted**

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent company and the weighted average number of common shares outstanding to take into account all the dilutive effects of potential common shares.

The parent company does not have different classes of partially dilutive common shares.

## 16. Provisions

The following table shows the changes in this heading during the six-month periods ended 30 June 2017 and 2016:

Thousands of euros	Labour-related risks	Legal risk	Restructuring	Employee Benefits	Other risks	Total
<b>Balance on 1 January 2017</b>	<b>58,254</b>	<b>7,416</b>	<b>2,921</b>	<b>7,462</b>	<b>64,115</b>	<b>140,168</b>
Provisions charged to income statement	22,018	3,697	-	-	12,593	<b>38,308</b>
Reversals credited to income statement	(8,041)	(807)	-	-	(1,885)	<b>(10,733)</b>
Applications	(5,634)	(722)	(623)	-	(388)	<b>(7,367)</b>
Incorporations to the perimeter	-	-	-	-	235	<b>235</b>
Translation differences	(5,003)	(908)	-	353	(5,045)	<b>(10,603)</b>
<b>Balance on 30 June 2017</b>	<b>61,594</b>	<b>8,676</b>	<b>2,298</b>	<b>7,815</b>	<b>69,625</b>	<b>150,008</b>
Non-current 2017	61,594	8,676	-	7,815	67,859	145,944
Current 2017	-	-	2,298	-	1,766	4,064

### a) Labour-related risks

Provisions for labour-related risks, which amounted to 61,594 thousand euros at 30 June 2017 (at 31 December 2016: 58,254 thousand euros), are calculated individually based on the estimated likelihood of success or failure of the lawsuit or claim. This likelihood is determined by the different legal firms that work with the Prosegur Cash Group. In addition, an internal assessment is conducted of the likelihood of reaching settlements under each of the lawsuits based on past experience. The final provision to be recognised is then determined on this basis.

The provision for labour-related risks mainly includes provisions for employment lawsuits in Brazil, which include claims brought by former and current employees of the Prosegur Cash Group. Lawsuits typically take a long time to finish due to the country's employment law and legal set-up, prompting the Company to post a provision of 47,080 thousand euros in 2017.

This heading also includes a provision of 9,747 thousand euros (31 December 2016: 12,839 thousand euros) in relation to the business combination with Transpev.

### b) Legal risk

Provisions for legal risks, which amount to 8,676 thousand euros (31 December 2016: 7,416 thousand euros), relate mainly to civil lawsuits, which are analysed on a case-by-case basis. This account primarily includes amounts relating to lawsuits in Brazil. Payment of these provisions is highly probable, although both the value and the timing of the final payments are uncertain and depend on the outcome of the proceedings currently under way. There are no significant legal risks.

### c) Restructuring

Provisions here relate to the company Brinks Deutschland GmbH, which was acquired in 2013 and for which a restructuring provision has been recognised. Payment of the provision is highly probable. Payments amounting to 623 thousand euros were made during the first six months of 2017.

**d) *Employee benefits***

As discussed in Note 5.2 of the consolidated annual accounts for the year ended 31 December 2016, Prosegur has defined benefit plans in Germany, Brazil and France. The actuarial valuation conducted by qualified actuaries regarding the value of the committed benefits is updated annually. The latest update took place at year-end 2016 and applies to the current period.

The defined benefit plans in Germany and France consist of retirement allowances. In Brazil, they consist of post-retirement medical coverage, a requirement under Brazilian Act 9656.

**e) *Other risks***

Provisions for other risks, which amount to 69,625 thousand euros at 30 June 2017 (64,115 thousand euros at 31 December 2016), cover a multitude of different concepts.

Payment of these provisions is highly probable, though both the value and the timing of the final payment are uncertain and depend upon the outcome of the proceedings currently under way.

The most significant of these are as follows:

***Tax risks***

These mainly relate to tax risks in Brazil and Argentina totalling 50,722 thousand euros (43,631 thousand euros at 31 December 2016).

Tax risks in Brazil relate to various concepts, but are mainly claims for direct and indirect municipal and state taxes, along with provisions for the Nordeste and Transpev business combinations from previous years. In Argentina, they concern a number of insignificant amounts individually related to municipal and provincial taxes.

The Prosegur Cash Group uses “the more likely than not” approach when measuring uncertain tax positions. Significant tax risk is determined on the basis of opinions of external experts and a thorough analysis of existing case law. Internal studies are also carried out of similar cases to have occurred in the past at Prosegur or at other companies.

Each tax contingency is analysed in detail at the end of every quarter. This analysis covers the quantification, classification and level of provision associated with the risk. At year-end an independent expert delivers a letter containing an analysis and assessment of these parameters for all the main risks. Based on the findings, the level of provisioning to be reported in the consolidated financial statements is adjusted accordingly.

***Comcare Australia***

In the first half of 2017, payments of 382 thousand euros were made to cover commitments associated with Australia’s occupational accident insurance plan, giving a total provision of 4,609 thousand euros (31 December 2016: 4,763 thousand euros), of which 863 thousand euros will expire in the short term (31 December 2016: 1,195 thousand euros).

***Accrued obligations to personnel***

These provisions include the incentives under the 2017 long-term incentive plan for the Executive Chairman, the Chief Executive Officer and the Senior Management of Prosegur Cash. During the period, a total of 1,020 thousand euros was posted to earnings, giving a total provision of 2,970 thousand euros. The associated expenses are included under the heading Wages and salaries in Note 6.

The 2017 Plan is essentially linked to value creation during the 2015-2017 period and envisions the delivery of incentives in cash, which will be pegged to the share price in the case of certain beneficiaries.

When determining the cash value of each share to which the beneficiary is entitled, the Company uses as a benchmark the average quoted price for Prosegur shares on the Madrid Stock Exchange for the past fifteen trading sessions in the month before the one in which the shares are to be delivered.

The quantification of the total incentive will depend on the degree of attainment of the objectives established in line with the strategic plan.

The 2017 Plan lasts three years and is subject to the employee remaining at the Company and also on the attainment of certain targets. It also includes an additional permanence bonus verified over the following two years. The plan measures performance from 1 January 2015 through to 31 December 2017, while permanence at the Company is measured from 1 January 2015 through to 31 December 2019. Entitlement to incentives under the plan is assessed on the following dates:

- Final measurement date: 31 December 2017
- Permanence compensation date: 31 December 2019

The 2017 Plan is intended as a multi-year bonus payable 50% in cash and 50% based on the quoted price of the parent company's shares.

The fair value of incentives pegged to the quoted share price has been estimated on the basis of the quoted price of Prosegur Cash shares (2.30 euros per share) at the end of the period or at time of payment.

Finally, part of this provision has been recognised as current provisions for a value of 1,766 thousand euros, since this commitment will fall due in the first half of 2018.



## 17. Financial liabilities

The breakdown of this heading on the consolidated statement of financial position was as follows at 30 June 2017 and at 31 December 2016:

Thousands of euros	30/06/2017		31/12/2016	
	Non-current	Current	Non-current	Current
Loans and borrowings	656,602	34,349	614,402	11,747
Finance lease payables	12,618	10,319	11,875	8,502
Credit accounts	-	2,949	-	43,307
Other payables	6,868	13,041	8,443	23,759
	<b>676,088</b>	<b>60,658</b>	<b>634,720</b>	<b>87,315</b>

Note 22 of the consolidated annual accounts for the year ended 31 December 2016 provides details of the most significant entries that made up the balance at that date.

During the six-month period ended 30 June 2017, there were no non-payments or breaches of agreements in relation to loans and debts granted to Prosegur Cash.

### Syndicated loan (Spain)

In December 2016, Prosegur Cash arranged a three-year syndicated financing facility for the sum of 600,000 thousand euros. At 30 June 2017, capital utilised under the syndicated loan amounted to 600,000 thousand euros (at 31 December 2016, utilised capital amounted to 600,000 thousand euros). The interest rate is pegged to the Euribor rate plus a spread.

Under the terms of the contract, the entire loan is to be repaid upon maturity in 2019.

### Bailment

Prosegur has signed an agreement in Australia for bailment facilities for the supply of cash to automated teller machines belonging to Prosegur. Under the terms of the contract, the cash is the property of the supplier of the bailment facilities. Prosegur has access to this money for the sole purpose of loading cash into its own ATMs, which are supplied under the terms of this contract. Settlement of the relevant assets and liabilities is carried out via regulated clearing systems and includes the right to set off balances. Accordingly, no assets and liabilities are shown in these consolidated interim financial statements for this item. The amount of cash in circulation at 30 June 2017 amounted to 41,900 thousand Australian dollars (equivalent to 28,200 thousand euros) (at 31 December 2016 it was 67.60 million Australian dollars, equivalent to 46.65 million euros).

### Syndicated credit facility (Spain)

On 10 February 2017, the Company arranged an immediately available syndicated credit facility at a term of five years and with a limit of 300,000 thousand euros. At 30 June 2017, no amount had been utilised under this syndicated facility.

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### **Syndicated loan (Australia)**

On 28 April 2017, Prosegur arranged a three-year syndicated financing facility through its subsidiary Prosegur Australia Investments Pty, for the sum of 70,000 thousand Australian dollars. At 31 June 2016, total capital utilised under the loan amounted to 70,000 thousand Australian dollars (equivalent value at the end of the first half 2017: 47,135 thousand euros).

### **Other debts**

Note 22 of the consolidated annual accounts for the year ended 31 December 2016 provides details of the most significant entries that made up the balance at that date.

Other debts shows the amounts payable in relation to existing business combinations, which have fallen due to the payments made to date, mainly in relation to Nordeste, where payment amounted to 8,246 thousand euros in 2017.

## 18. Tax status

Prosegur Cash presents consolidated accounts as part of the Prosegur tax group in Spain. The consolidated tax group includes Prosegur Compañía de Seguridad, S.A. as its parent company and, as subsidiaries, those Spanish companies that meet the requirements set out in applicable regulations governing consolidated taxation. The Prosegur Cash Group also pays corporate income tax under the tax consolidation framework in the following countries: France, Portugal and Australia.

Tax costs are recognised in the interim accounting period based on the best estimate of the average weighted effective tax rate expected for the annual accounting period. The amounts calculated for tax costs in this interim accounting period may need to be adjusted in subsequent periods should estimates of the annual effective rate since change.

	Thousands of euros Period ended 30 June	
	2017	2016
Current tax	44,773	47,883
Deferred tax	21,570	(166)
<b>Total</b>	<b>66,343</b>	<b>47,717</b>

  

	Thousands of euros Period ended 30 June	
	2017	2016
Income tax expenditure	66,343	47,717
Profit before tax	260,771	140,761
<b>Effective tax rate</b>	<b>25.44%</b>	<b>33.90%</b>

Since current tax law is somewhat ambiguous and open to various interpretations, additional tax liabilities could arise in the event of an inspection. In any event, the Company's directors do not believe that any such liabilities would have a significant impact on the consolidated annual accounts.

## 19. Contingencies

Note 25 to the consolidated annual accounts for the year ended 31 December 2016 provides relevant information on contingent assets and liabilities at that date.

### ***National Markets and Competition Commission (CNMC)***

On 22 April 2015, the National Markets and Competition Commission (CNMC) filed proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. (now a Prosegur Cash subsidiary) and Loomis España, S.A. for alleged anti-competitive practices under the laws of the European Union. On 10 November

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2016, the Competition Court of the CNMC imposed a fine of 39,420 thousand euros on Prosegur and its subsidiary.

On 13 January 2017, Prosegur filed a contentious-administrative appeal before the National Court, asking for the ruling of the CNMC to be overturned and seeking also temporary suspension of payment of the penalty imposed on the Company.

On 13 February 2017, the National Court agreed to hear the appeal announced by Prosegur and initiated the preliminary proceedings prior to the appeal being brought. To date, Prosegur has yet to officially lodge the appeal, meaning therefore that National Court has yet to hear the case and deliver its decision on the merits of the appeal.

The National Court did, however, accept Prosegur's request for injunctive relief on 31 March 2017 and therefore suspended the enforceability of the CNMC's ruling as to payment of the fine, subject to the condition that Prosegur, within the maximum term of two months, post a surety or other guarantee covering the amount of the fine. On 9 June 2017, Prosegur duly delivered to the National Court a bank guarantee for the sum of 39,420 thousand euros.

Prosegur alone will assume full responsibility and shall meet all costs involved in defending Prosegur and Prosegur Servicios de Efectivo España, S.L. within the context of the sanctioning proceedings and the ruling of the Competition Court of the CNMC of 10 November 2016. It will therefore have exclusive authority on how to mount and control that defence and on how to pursue the adversary proceedings against the administrative decision. Prosegur has agreed to indemnify Prosegur Cash for any ensuing fine that may be imposed on Prosegur Cash's subsidiary as a result of these proceedings. Accordingly, Prosegur Cash has not recognised any provisions for this matter.

## 20. Business combinations

Changes in goodwill during the first half of 2017 are discussed in Note 10.2.

### 20.1. Goodwill included in 2017

Net assets acquired and goodwill recognised due to incorporations in the first half of 2017 are as follows:

Thousands of euros	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Business Combination <sup>(1)</sup>	17,999	2,881	20,880	7,489	13,391
	<b>17,999</b>	<b>2,881</b>	<b>20,880</b>	<b>7,489</b>	<b>13,391</b>

<sup>(1)</sup> Calculations relating to business combinations are provisional and may be adjusted at any point within the year following the acquisition date.

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The cash outflow used to acquire these businesses, net of cash acquired, was as follows:

Thousands of euros	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Business Combination	17,999	(2,503)	15,496
	<u>17,999</u>	<u>(2,503)</u>	<u>15,496</u>

The following assets and liabilities were generated from the acquisitions:

(Thousands of euros )	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	2,503	2,503
Property, plant and equipment	6,138	6,138
Inventories	33	33
Trade and other receivables	1,869	1,869
Current tax assets	115	115
Trade and other payables	(1,287)	(1,287)
Deferred tax assets	280	280
Deferred tax liabilities	(833)	(833)
Other financial liabilities	95	95
Financial debt	(1,189)	(1,189)
Provisions	(235)	(235)
<b>Identifiable net assets acquired</b>	<b>7,489</b>	<b>7,489</b>

## 20.2. Goodwill reported in 2016 and not reviewed in 2017

The following net assets were acquired and the following goodwill recognised from business incorporations completed in 2016 and not reviewed in 2017.

(Thousands of euros)	Segment to which allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
<b>Subsidiaries</b>						
MIV Gestión S.A.	AOA	698	443	1,141	832	309
Procesos Técnicos de Seguridad y Valores S.A.S	Latam	156	-	156	85	71
Compra de Activos a Toll Transport Pty Ltd	AOA	7,218	4,545	11,763	5,934	5,829
		<u>8,072</u>	<u>4,988</u>	<u>13,060</u>	<u>6,851</u>	<u>6,209</u>

Goodwill is not tax-deductible.

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

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(Thousands of euros)	Country	Cash payment	Cash and cash equivalents acquired	<b>Cash outflow for the acquisition</b>
MIV Gestión S.A.	Spain	698	(240)	<b>458</b>
Procesos Técnicos de Seguridad y Valores S.A.S	Colombia	156	(3)	<b>153</b>
Compra de Activos a Toll Transport Pty Ltd	Australia	7,218	-	<b>7,218</b>
		<b>8,072</b>	<b>(243)</b>	<b>7,829</b>

### **MIV Gestión, S.A.**

On 8 January 2016, Prosegur acquired 100% of the company MIV Gestión S.A., a Spanish security company that provides international transit services for valuable and vulnerable goods. The total purchase price was 1,141 thousand euros, comprising a cash payment of 698 thousand euros, a deferred payment of 360 thousand euros falling due in 2016 and 2017 and a contingent deferred payment of 83 thousand euros.

The acquired business was included in the consolidation perimeter beginning on 8 January 2016.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	<b>Carrying amount of the acquiree</b>	<b>Fair value</b>
Cash and cash and equivalents	240	240
Property, plant and equipment	17	17
Other non-current assets	10	10
Trade and other receivables	475	475
Trade and other payables	(427)	(427)
Current tax liabilities	(8)	(8)
Other intangible assets	-	701
Deferred tax liabilities	(1)	(176)
<b>Identifiable net assets acquired</b>	<b>306</b>	<b>832</b>

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and the significant synergies expected to arise as a result of the acquisition. The intangible assets are associated with customer relationships (701 thousand euros), with a useful life of five years.

### **Procesos Técnicos de Seguridad y Valores, S.A.S.**

On 29 April 2016, Prosegur acquired 100% of the Colombian company Procesos Técnicos de Seguridad y Valores S.A.S., a firm specialising in cash management services, including the processing, packaging and recycling of banknotes and coins. The total purchase price was 512,000 thousand Colombian pesos (equivalent on the acquisition date to 156 thousand euros), comprising a single cash payment of 512 million Colombian pesos (equivalent on the acquisition date to 156 thousand euros).

The acquired business was included in the consolidation perimeter beginning on 29 April 2016.

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The following assets and liabilities were generated from the acquisition:

Thousands of euros	<u>Carrying amount of the acquiree</u>	<u>Fair value</u>
Cash and cash equivalents	3	3
Property, plant and equipment	35	35
Trade and other receivables	450	450
Current tax asset	121	121
Trade and other payables	(501)	(501)
Current tax liabilities	(23)	(23)
<b>Identifiable net assets acquired</b>	<b><u>85</u></b>	<b><u>85</u></b>

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

**Toll Transport Pty Ltd**

On 4 November 2016, Prosegur acquired a bundle of assets from Toll Transport Pty Ltd. in Australia. The total purchase price was 18,115 thousand Australian dollars (equivalent on the acquisition date to 11,763 thousand euros), comprising a cash payment of 11,115 thousand Australian dollars (equivalent on the acquisition date to 7,218 thousand euros), and a deferred amount to secure possible liabilities of 7,000 thousand Australian dollars (equivalent on the acquisition date to 4,545 thousand euros).

The acquired assets were added to the consolidated financial statements on 4 November 2016.

The following assets and liabilities were generated from the acquisition:

Thousands of euros	<u>Carrying amount of the acquiree</u>	<u>Fair value</u>
Property, plant and equipment	3,458	3,458
Trade and other payables	(248)	(248)
Other intangible assets	-	3,892
Deferred tax	-	(1,168)
<b>Identifiable net assets acquired</b>	<b><u>3,210</u></b>	<b><u>5,934</u></b>

The resulting goodwill was allocated to the AOA segment and mainly reflects the profitability of the business and the significant synergies expected to arise as a result of the acquisition. The intangible assets are associated with customer relationships (3,892 thousand euros), with a useful life of 13 years.

## 21. Related-party transactions

The Prosegur Cash Group is controlled by Prosegur Compañía de Seguridad, S.A., a company organised and operating out of Madrid that owns 51% of the shares in the Company directly and a further 21.5% indirectly through its subsidiary Prosegur Assets Management. The remaining 27.5% is owned by various shareholders, the main ones being Oppenheimerfunds, INC (with 6.981%) and FMR LLC (with 5.098%).

### Balances with Prosegur Group companies

The Prosegur Cash Group has the following balances with companies belonging to the Prosegur Group but that are not included in the scope of consolidation of the Prosegur Cash Group:

(Thousands of euros)	<u>30/06/2017</u>	<u>31/12/2016</u>
Current investments in Group companies and associates		
Loan to Group companies	-	24,451
Other financial assets	17,122	2,176
Trade and other receivables		
Trade receivables, current	<u>34,997</u>	<u>38,803</u>
<b>Total current receivables with Prosegur group companies</b>	<b><u>52,119</u></b>	<b><u>65,430</u></b>
<b>Total assets</b>	<b><u>52,119</u></b>	<b><u>65,430</u></b>
Financial liabilities		
Other financial assets	-	2,130
Loan from Group companies, current		
Loans from companies	-	134,842
Trade and other payables		
Trade and other payables	<u>39,103</u>	<u>31,736</u>
<b>Total current liabilities with Prosegur group companies</b>	<b><u>39,103</u></b>	<b><u>168,708</u></b>
<b>Total liabilities</b>	<b><u>39,103</u></b>	<b><u>168,708</u></b>

At 31 December 2016, the Prosegur Cash Group had outstanding financial balances as before various Prosegur Group companies in Argentina, Spain, Paraguay, Chile and Brazil for the total sum of 26,627 thousand euros (including the outstanding interest amounting to 2,176 thousand euros). The average interest rate on these outstanding balances was 7.2%.

Meanwhile, the financial liabilities held by the Prosegur Cash Group as before Prosegur in Spain at 31 December 2016 totalled 136,972 thousand euros (including outstanding interest amounting to 2,130 thousand euros). An average interest rate of 2.2% is payable on these loans.

On 21 February 2017, all such financial assets and liabilities arranged with the Prosegur Group were paid in full.



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The heading Other financial assets improved notably in response to the contract signed on 31 December 2016, governing the sale of the Brazilian Security business to the Prosegur Group. Under this contract, the Prosegur Group has undertaken to assume the losses or profits generated by that business from 31 December 2016 onward (see Note 11).

The Prosegur Cash Group carried out the following transactions with companies belonging to the Prosegur Group but that are not included in the scope of consolidation of the Prosegur Cash Group:

(Thousands of euros)	<u>30/06/2017</u>	<u>31/12/2016</u>
Incomes		
Provision of services	7,759	15,424
Interests received and other finance income	82	10,244
<b>Total Income</b>	<b><u>7,841</u></b>	<b><u>25,668</u></b>
Expenses		
Other services	(48,592)	(37,824)
Interests paid and other finance expenses	(143)	(1,317)
<b>Total Expenses</b>	<b><u>(48,735)</u></b>	<b><u>(39,141)</u></b>

The heading Other services mainly shows the expenses from use of trade names, management fees and rentals.

### Remuneration of board members and key management personnel

#### 1. Remuneration of directors

Total remuneration payable to members of the Board of Directors for all items and concepts during the six-month period ended 30 June 2017 was as follows:

	<u>Thousands of euros</u>
	<u>30/06/2017</u>
Fixed remuneration	233
Variable remuneration	138
Remuneration for membership of the Board and Committee	1
Daily allowances	246
	<b><u>618</u></b>

In 2016, Prosegur Cash had no Board members or chief executives holding remunerated positions. Administrative functions were carried out by the sole director, namely Prosegur, through to 19 December 2016, whereupon the current Board of Directors was appointed. There were no payments or remuneration in this regard, nor loans or advances, and no guarantees or security were posted in their name.

#### 2. Remuneration of senior management personnel:

Senior management personnel are those Prosegur employees who exercise, either on a *de facto* or *de jure* basis, senior management functions reporting directly to the governing body or chief executive, including those holding powers of attorney that relate to the corporate object and are not restricted to specific areas or business.

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Total remuneration payable to all senior managers at Prosegur during the six-month periods ended 30 June 2017 and 2016 was as follows:

	Thousands of euros	
	<u>30/06/2017</u>	<u>30/06/2016</u>
Total remuneration accrued by Senior Management	1,202	381

The increase in the remuneration paid to senior management is due to the fact that the senior management was not entirely on the payroll of the Prosegur Cash Group at the relevant time, but was gradually added to the workforce on a staggered basis from the Prosegur Group starting 1 August 2016.

### **Loans to related parties**

At 30 June 2017, there were no loans to related parties.

### **Investments and positions held by the members of the Board of Directors of the parent and their related parties at other companies**

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities at companies engaged in identical, similar or complementary corporate objects to those of the Company, outside the scope of Prosegur Cash.

### **Information required by article 229 of the Spanish Corporate Enterprises Act**

Pursuant to the terms of articles 228, 229 and 230 of the Restated Text of the Corporate Enterprises Act (*Ley de Sociedades de Capital*) enacted by Royal Legislative Decree 1/2010 of 2 July, as amended by Act 31/2014 on the improvement of corporate governance, no situations arose during the first half of 2017 in which the board members or their related parties were in direct or indirect conflict with the Company's own interests.

The agency Revolution Publicidad, S.L. occasionally provides Prosegur Cash with advertising, media, marketing and communication services as part of the normal course of business and at arm's length conditions, and has done so since before the appointment of Daniel Guillermo Entrecanales Domecq as a Company board member. Prosegur Cash does not work exclusively with the agency Revolution Publicidad, S.L. and therefore receives advertising, media, marketing and communication services from other companies. The fees received by Revolution Publicidad, S.L. from Prosegur Cash are not materially significant and do not represent a significant amount. At 30 June 2017, these fees amounted to 45 thousand euros (at 30 June 2016, this figure was 89 thousand euros).

Since the relationship between the agency Revolution Publicidad, S.L. and Prosegur Cash is part of their normal course of business and is non-exclusive and of relatively little importance as just explained, the Board of Directors is confident that it does not compromise the independence of Daniel Guillermo Entrecanales Domecq in his capacity as an independent director of Prosegur Cash.

## 22. Average headcount

The following table shows the average headcount at Prosegur Cash for the six-month periods ended 30 June 2017 and 30 June 2016, including at consolidated companies accounted for using the equity method.

	30/06/2017	30/06/2016
Male	46,525	45,658
Female	10,541	10,878
	<b>57,066</b>	<b>56,536</b>

## 23. Events after the reporting date

The liquidity provider's agreement of 8 May 2017 signed by Prosegur Cash was terminated and replaced by a new contract signed on 7 July 2017 and that became effective on 11 July 2017, as required by the new regulations that also came into effect on 11 July 2017.

On 29 January 2016, Prosegur arranged a four-year bullet loan denominated in rand. The loan was granted to Prosegur Cash on 14 July 2017 for the sum of 272.0 million South African rand (equivalent value at the arrangement date: 18.2 million euros). Prosegur Cash will maintain the same terms and conditions and final maturity date, specifically 29 January 2020. To coincide with the signing of the loan, Prosegur paid Prosegur Cash a cash sum equivalent to the principal of the loan plus the interest accrued.

**APPENDIX I. – Summary of the main accounting principles*****Standards effective as of 1 January 2017 and that may require changes to accounting policy and to the basis of presentation***

The accounting policies adopted for the purpose of drawing up the condensed consolidated interim financial statements for the six-month period ended 30 June 2017 are the same policies followed when drawing up the consolidated annual accounts for 2016 (see Note 35 to the consolidated annual accounts for the year ended 31 December 2016).

In addition, the following regulations published by the IASB and the IFRS Interpretations Committee and adopted by the European Union for application in Europe came into effect in 2017 and were therefore taken into account when drawing up these interim financial statements:

<b>Regulations</b>		<b>Must be applied:</b>
		<b>financial years starting as of:</b>
		<b>IASB effective date</b>
Amendments to IAS 12	Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)	1 January 2017
Amendments to IAS 7	Amendments to IAS 7 – Disclosure Initiative (issued in January 2016)	1 January 2017
Improvements to IFRS 2014-2016	Annual improvements to IFRSs 2014-2016 cycle	1 January 2017

- Amendment to IAS 12: Clarifications on the recognition of deferred tax assets for unrealised losses. Effective for annual periods beginning on or after 1 January 2017.

- Amendment to IAS 7: Disclosure to enable users of financial statements evaluate changes in liabilities arising from financing activities. Effective for annual periods beginning on or after 1 January 2017.

- Annual improvements to IFRS 2014–2016. Improves the following standards: IFRS 1 - First-time Adoption of International Financial Reporting Standards; IFRS 12 - Disclosure of Interests in Other Entities; IAS 28 - Investments in Associates and Joint Ventures. The amendment to IFRS 12 is effective from 1 January 2017, while the amended IFRS 1 and IAS 28 will be effective as of 1 January 2018.

The application of these standards and interpretations had no significant impact on these consolidated interim financial statements.

On the date these condensed consolidated interim financial statements were drawn up, the following IFRSs, amendments and IFRIC interpretations had been released by the IASB but were not compulsory:

PROSEGUR CASH, S.A. AND SUBSIDIARIES

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

<b>Regulations</b>	<b>Must be applied: financial years starting as of: IASB effective date</b>
IFRS 15 Revenue from contracts with customers (issued in May 2014)	1 January 2018
IFRS 9 Financial instruments (issued in July 2014)	1 January 2018
IFRS 16 Leases (issued in January 2016)	1 January 2019
Amendment to IAS 40 - Transfers of investment property to IAS 40	1 January 2018
Amendment to IFRS 8 Operating segments	To be determined
IFRIC 22 Interpretation of IFRIC 22 - Foreign currency transactions and advance consideration	1 January 2018
Amendment to IFRS 2 Classification and measurement of share-based payment transactions	1 January 2018
IFRIC 23 Uncertainty over income tax treatments	1 January 2019

The Group has not applied any of these standards or interpretations prior to their effective date.

The Group is currently analysing the potential impact of a first-time adoption of IFRS 16 for its consolidated annual accounts. To estimate this impact, the Group needs to calculate, among other factors, the term of the relevant leases, taking into account whether or not the agreements can be cancelled early and whether the term can be unilaterally extended by one of the parties and, in both cases, with what level of certainty, which will in turn depend on the expected use of the assets located in the underlying leased properties.

The Group is still carrying out this calculation process. Based on the analysis conducted to date, the Group expects the application of IFRS 16 in 2019 to have a significant impact on its consolidated annual statement of financial position due to the different accounting treatment of certain property leases currently recognised as operating leases. No significant impact is expected in relation to the income statement.

As of the date of these condensed consolidated interim financial statements, and with the exception of IFRS 16, none of these standards are expected to have a significant impact on the Group's condensed consolidated interim financial statements.

## **STATEMENT OF RESPONSIBILITY CONCERNING THE FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2017**

The members of the Board of Directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the selected financial information of Prosegur Cash, S.A. and the condensed consolidated interim financial statements of Prosegur Cash, S.A. and its subsidiaries, all corresponding to the first half of 2017 and approved for issue by the Board of Directors at a meeting held on 25 July 2017 and drawn up in accordance with applicable accounting principles, offers a true and fair view of the equity, financial position and earnings of Prosegur Cash, S.A. and of the subsidiaries that fall within its scope of consolidation, and that the respective interim management reports provide a reliable analysis of the information required.

Madrid, 25 July 2017

Christian Gut Revoredo  
Chairman

Pedro Guerrero  
Vice-Chairman

José Antonio Lasanta Luri  
Chief Executive Officer

Chantal Gut Revoredo  
Director

Antonio Rubio Merino  
Director

Claudio Aguirre Pemán  
Director

María Benjumea Cabeza de Vaca  
Director

Daniel Entrecanales Domecq  
Director

Ana Sainz de Vicuña Bemberg  
Director

PROSEGUR CASH, S.A. AND SUBSIDIARIES

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

Additional note confirming that the Board of Directors of Prosegur Cash, S.A., at a meeting held in Madrid on 25 July 2017, drew up the Half-Year Financial Report for the first six months of 2017, including the following documents: the selected non-consolidated financial information, the selected consolidated financial information, the condensed consolidated interim financial statements and the interim management report of Prosegur Cash, S.A. and its subsidiaries, and the directors' statement of responsibility, all corresponding to the first half of 2017. In accordance with article 35 of the Spanish Securities Market Spanish Act 24/1988, of 27 July, this documentation has been unanimously approved for issue by the Company's Board of Directors at a meeting held on today's date.

The aforementioned documents, which are presented as a single item, are transcribed on the preceding pages numbered in sequential order, on the front side only and all signed purely for the purpose of identification by the Secretary to the Board of Directors, and bearing the Company stamp.

In compliance with applicable law, the directors sitting on the Board of Directors on today's date now sign the last page of this document, to which I, in my capacity as Secretary to the Board of Directors, now certify in Madrid on 25 July 2017.

Signed: María del Mar Oña López  
(Non-member Secretary)

Christian Gut Revoredo  
Chairman

Pedro Guerrero Guerrero  
Vice-Chairman

José Antonio Lasanta Luri  
Chief Executive Officer

Chantal Gut Revoredo  
Director

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