This document does not include the translated version for the Individual Annual Report Accounts Statements.

Prosegur Cash, S.A. and subsidiaries

Consolidated Annual Accounts

31 December 2017

Consolidated Directors' Report

2017

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language versions prevail.)

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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the shareholders of Prosegur Cash, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Prosegur Cash, S.A. and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2017 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Key Audit Matters

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

Labour and tax provisions and contingencies

See notes 21 and 32.16 to the consolidated annual accounts

Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group is exposed to possible claims and disputes in the course of its activity. These are primarily of a labour nature, in view of the high number of employees, and others are tax-related. Assessing and monitoring lawsuits, claims and disputes, including contingencies and, where applicable, the related provisions, is a complex process that entails evaluating future developments in these proceedings. Furthermore, in view of the characteristics of labour legislation in the different countries and the regulatory requirements applicable to this activity, these proceedings may be ongoing for a long period of time, especially in Brazil, which in turn further complicates evaluation of these processes. As regards labour matters in Brazil, the Group is subject to various contingencies, mainly associated with claims lodged by employees or former employees. At 31 December 2017 a provision of Euros 43 million has been recognised in this respect. From a tax perspective, the Group has ongoing claims relating to taxes in Argentina and Brazil, for which a provision of Euros 44 million has been recognised at 31 December 2017. Due to the judgement inherent in assessing these different matters, the uncertainty associated with the estimates relating to the ongoing labour and tax proceedings, and because changes therein could give rise to material differences with respect to the amounts recognised to date, this has been considered a key audit matter of the current period.	Our audit procedures included the following: • Assessing the design and implementation of the controls relating to the process of estimating the probability and impact when measuring the labour and tax contingencies. • Obtaining representations from lawyers outside the Group regarding the status of these matters, their probability and, where applicable, possible losses for the Group. • In the case of potentially material claims, assessing the underlying facts and circumstances deemed relevant by the Group's legal counsel in their conclusions and evaluating the Group's best estimate. • Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Recoverable amount of non-current assets See notes 11 to 13 and 32.9 to the consolidated annual accounts	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group has property, plant and equipment and intangible assets amounting to Euros 757 million, Euros 319 million of which is goodwill. In 2017 the Group did not recognise any impairment for non-current assets. For the purpose of testing non-current assets for impairment, they were assigned to the corresponding cash-generating units (CGUs). In the Prosegur Cash Group, each country of operations is a CGU. There is a risk that the carrying amount of CGUs whose financial position has declined may exceed their recoverable amount. At each reporting date, or earlier if there are indications of impairment, the Group estimates the recoverable amount of each CGU, which is determined considering their value in use. To this end, the Group used valuation techniques that require the Directors to exercise judgement and make assumptions and estimates. Due to the uncertainty associated with these estimates and the significance of the carrying amount of non-current assets, this has been considered a key audit matter of the current period.	Our audit procedures included the following: • Assessing the design and implementation of the key controls relating to the process of estimating the recoverable amount of non-current assets. • Analysing the indications, identified by the Group, of impairment of the cash-generating units. • Evaluating the reasonableness of the method used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists. • Contrasting the consistency of the estimated growth in future cash flows of each cash-generating unit included in the calculation of value in use with the business plans approved by the Group's governing bodies. • Contrasting the cash flow forecasts of cash-generating units estimated in prior years with the actual cash flows obtained. • Analysing the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the discount rate, the future growth rate or the EBITDA used when calculating the value in use. • Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Other information: Consolidated Directors' Report

Other information solely comprises the 2017 Consolidated Directors' Report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the directors' report, or where applicable, that the directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in a) above has been provided in the consolidated directors' report and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2017 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 27 February 2018.

Contract Period

At their ordinary general meeting held on 21 September 2016, the shareholders appointed us as auditors of the Group for a period of three years, from the year ended 31 December 2016.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Bernardo Rücker-Embden
On the Spanish Official Register of Auditors ("ROAC") with No. 18,836

27 February 2018

PROSEGUR CASH, S.A. AND SUBSIDIARIES

Consolidated annual accounts and management report for year ended 31 December 2017

Prepared according to International Standards on Financial Information adopted by the European Union (IFRS-EU)

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

I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	31/12/2017	31/12/2016
Revenues	3	1,924,258	1,724,258
Costs of sales	4	(1,230,744)	(1,097,331)
Gross profit		**693,514**	**626,927**
Other income	6	88,081	71,433
Sale and administrative expenses	4	(331,032)	(305,757)
Other expenses	6	(4,059)	(2,719)
Share of profits/losses of financial year accounted for under the equity method	14	(1,446)	(4,529)
Operating profit/loss (EBIT)		**445,058**	**385,355**
Finance income	7	32,511	31,114
Finance expenses	7	(33,242)	(40,314)
Net Financial Income / (Costs)		**(731)**	**(9,200)**
Profit before tax		**444,327**	**376,155**
Income tax	24	(139,966)	(149,913)
Post-tax profit from continuing operations		**304,361**	**226,242**
Earnings after tax from discontinued operations	15	489	(47,276)
Consolidated profit for the year		**304,850**	**178,966**
Attributable to:			
Owners of the parent		304,874	178,324
Non-controlling interests		(24)	642

The notes included on pages 10 to 85 are an integral part of these consolidated annual accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	31/12/2017	31/12/2016
Consolidated profit for the year		**304,850**	**178,966**
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial gains/(losses) on defined benefit plans	5.2	(751)	(649)
		(751)	**(649)**
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations	20	(116,593)	53,238
		(116,593)	**53,238**
Total comprehensive income for the year, net of tax		**187,506**	**231,555**
Attributable to:			
- Owners of the parent		187,506	231,012
- Non-controlling interests		-	543

The notes included on pages 10 to 85 are an integral part of these consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	31/12/2017	31/12/2016
ASSETS			
Property, plant and equipment	11	279,261	266,359
Goodwill	12	318,744	317,351
Other intangible assets	13	159,234	173,856
Investments accounted for using the equity method	14	29,277	28,955
Non-current financial assets	17	5,709	2,058
Deferred tax assets	24	37,290	44,903
Non-current assets		**829,515**	**833,482**
Non-current assets held for sale	15	45,581	266,568
Inventory	16	6,115	7,457
Trade and other receivables	18	383,645	426,776
Accounts receivable with Prosegur Group	28	18,103	65,430
Current tax asset		106,017	102,352
Cash and cash equivalents	19	317,777	188,780
Current assets		**877,238**	**1,057,363**
Total assets		**1,706,753**	**1,890,845**
EQUITY			
Share capital	20	30,000	30,000
Own shares		(2,127)	-
Translation differences	20	(501,666)	(385,073)
Retained earnings and other reserves	20	737,571	540,535
Equity attributable to equity holders of the Parent		**263,778**	**185,462**
Non-controlling interests		11	11
Total equity		**263,789**	**185,473**
LIABILITIES			
Financial liabilities	22	696,924	634,720
Deferred tax liabilities	24	26,486	22,581
Provisions	21	127,273	137,047
Non-current liabilities		**850,683**	**794,348**
Trade and other payables	23	314,433	334,796
Current tax liabilities		104,999	118,525
Financial liabilities	22	77,530	87,315
Accounts payable with Prosegur Group	28	48,372	168,708
Provisions	21	5,553	3,121
Liabilities directly associated with non-current assets held for sale	15	26,795	184,688
Other current liabilities		14,599	13,871
Current liabilities		**592,281**	**911,024**
Total liabilities		**1,442,964**	**1,705,372**
Total equity and liabilities		**1,706,753**	**1,890,845**

The notes included on pages 10 to 85 are an integral part of these consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)	Equity attributable to equity holders of the Parent						Non-controlling interests (Note 20)	Total equity
	Capital (Note 20)	Share premium (Note 20)	Translation difference (Note 20)	Own shares (Note 20)	Retained earnings and other reserves (Note 20)	Total		
Balance on 1 January 2016	**-**	**-**	**(438,410)**	**-**	**1,385,829**	**947,419**	**9,728**	**957,147**
Total comprehensive income for the year	-	-	53,337	-	177,675	231,012	543	231,555
Capital increase 22/02/2016 (Note 20)	3	-	-	-	(3)	-	-	-
Capital increase 06/05/2016 (Note 20)	-	176,641	-	-	(176,641)	-	-	-
Capital increase 26/07/2016 (Note 20)	29,997	733,907	-	-	(763,904)	-	-	-
Share premium payment 30/12/2016 (Note 20)	-	(910,548)	-	-	-	(910,548)	-	(910,548)
Dividends	-	-	-	-	(48,719)	(48,719)	-	(48,719)
Capitalisations	-	-	-	-	19,063	19,063	-	19,063
Dividends to security companies (Note 20)	-	-	-	-	(46,781)	(46,781)	-	(46,781)
Subsequent acquisition of integrated companies (Note 20)	-	-	-	-	(10,733)	(10,733)	-	(10,733)
Other movements	-	-	-	-	4,749	4,749	(10,260)	(5,511)
Balance as of 31 December 2016	**30,000**	**-**	**(385,073)**	**-**	**540,535**	**185,462**	**11**	**185,473**
Total comprehensive income for the year	-	-	(116,593)	-	304,099	187,506	-	187,506
Dividends (Note 9)	-	-	-	-	(107,400)	(107,400)	-	(107,400)
Acquisition of own shares	-	-	-	(2,127)	-	(2,127)	-	(2,127)
Other movements	-	-	-	-	337	337	-	337
Balance as of 31 December 2017	**30,000**	**-**	**(501,666)**	**(2,127)**	**737,571**	**263,778**	**11**	**263,789**

The notes included on pages 10 to 85 are an integral part of these consolidated annual accounts.

V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2017 AND 2016

(In thousands of euros)

	Note	31/12/2017	31/12/2016
Cash flows from operating activities			
Profit/loss for the year		**304,850**	**178,966**
Adjustments for:			
Depreciations and amortisations	11.13	67,874	61,893
Impairment losses on non-current assets	11	104	9
Impairment losses on trade receivables and stock	16, 18	1,619	1,457
Change in provisions	21	39,544	78,132
Finance income	7, 15	(60,241)	(33,448)
Finance expenses	7, 15	42,621	75,712
Share of profits/losses of financial year accounted for under the equity method	14	(1,446)	4,189
(Profit) / Loss due to the disposal and sale of fixed assets and real estate investments	6	1,389	(45,572)
(Profit) / Loss from the sale of shares and intangible assets	6	(85,911)	-
(Profit) / Loss from the sales of subsidiaries		-	296
Income tax	24	130,820	132,114
		-	-
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		105	(2,475)
Clients and other accounts receivable (includes Group companies)		(48,877)	(51,252)
Suppliers and other accounts payable (includes Group companies)		1,037	12,063
Payment of provisions	15, 21	(39,853)	(22,189)
Other current liabilities		(4,253)	(187)
Other current assets		-	1,172
Cash from operating activities			
Interest paid		(27,495)	(16,021)
Income tax paid		(139,384)	(115,920)
Net cash from operating activities		**182,503**	**258,939**
Cash flows from investing activities			
Proceeds on sales of non-current assets held for sale	6, 15	73,636	100,895
Collections from financial assets		6,774	22,322
Collections from the sale of intangible assets	6	36,038	-
Collections from shares	6, 15	49,873	72,836
Interest collection		1,571	31,058
Collections from investments		-	37,012
Acquisition of subsidiaries, net of cash and cash equivalents	27	(47,620)	(29,529)
Acquisition of property, plant and equipment	11, 15	(97,442)	(89,386)
Acquisition of intangible assets	13, 15	(7,047)	(6,951)
Acquisition of joint ventures, net of cash and cash equivalents		-	(10,733)
Acquisition of financial assets		-	(70,946)
Net cash from investing activities		**15,783**	**56,578**
Cash flows from financing activities			
Payments from the issuance of own shares and own equity instruments		(2,127)	3
Collections from contributions		-	3,289
Financing received		26,376	715,125
Collections from obligations and other tradable securities		594,117	-
Payments from the reduction of capital from subsidiaries		-	(46,781)
Payments from debts		(543,791)	(22,158)
Payments from debts with group companies		(112,374)	-
Distribution of issuance premium		-	(910,548)
Dividends paid	9	(42,960)	(74,619)
Net cash from financing activities		**(80,759)**	**(335,689)**
Net increase / (decrease) of cash and other liquid resources		117,527	(20,172)
Cash and cash equivalents at the beginning of period		211,603	241,425
Effect of exchange differences		(11,254)	(9,650)
Cash and cash equivalents at the end of the period		**317,876**	**211,603**
includes:			
- Cash and cash equivalents at the end of the continued operations period		317,777	188,780
- Cash and cash equivalents at the end of the discontinued operations period (Note 15)		99	22,823

The notes included on pages 10 to 85 are an integral part of these consolidated annual accounts.

VI. CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2017

1. General information about the Company

Prosegur Cash is a business group comprising Prosegur Cash, S.A. (hereinafter the Company) and its subsidiaries (boards, Prosegur Cash or the Prosegur Cash Group) that is present in the following countries: Spain, Portugal, France, Germany, Luxembourg, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, South Africa, India and Australia.

The Company was incorporated in Madrid on 22 February 2016 and is registered on the Madrid Mercantile Registry. Prosegur Cash, S.A. has its registered business address in Madrid, at Calle Santa Sabina, no. 8.

On 17 March 2017, the shares of Prosegur Cash S.A. started to trade at EUR 2 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 green shoe period of the IPO process was concluded, reaching a floating capital of 27.5% of the total shares of Prosegur Cash S.A.

Prosegur Cash, S.A. is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A. (hereinafter Prosegur or Prosegur Group), 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. For this reason, the Prosegur Group consolidated the Prosegur Cash Group in its financial statements.

The Prosegur Cash Group 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 cashpoints (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 cash automation 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).

These consolidated annual accounts were drawn up by the Board of Directors on 26 February 2018 and are pending approval by the shareholders at their Annual General Meeting. However, Prosegur Cash considers that these consolidated financial statements will be approved with no changes.

Appendix I contains detailed information on the subsidiaries of Prosegur Cash S.A. Likewise, the Group participates in joint ventures with other parties, which is explained in Appendix II.

2. Basis of Presentation

2.1 Basis for preparing the consolidated financial statements

The consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Cash, S.A. and its subsidiaries. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter EU-IFRS) and other applicable financial reporting framework, to give a true and fair view, of the consolidated equity and consolidated financial position of Prosegur Cash, S.A. and subsidiaries on 31 December 2017, as well as the consolidated results of operations and consolidated cash flows for the year then ended.
Any information or breakdowns, details of which due to qualitative importance are not required, that were not considered material or that have no relative importance, in accordance with the concept of Relative Importance defined in the conceptual framework of the EU-IFRS, have been omitted from these annual accounts.

2.2 Changes in the consolidated group

The most significant changes in the consolidation period that occurred during the years ending on 31 December 2017 and 2016 in the companies included in the group correspond to the acquisitions of subsidiaries and investees accounted for using the equity method; information that is detailed in Notes 27 and 14, respectively.

During reporting period 2017, the following companies were incorporated or wound up:

- In October 2017 SIS Prosegur Cash Logistics Private Limited was incorporated in India.
- In October 2017, Centro Informático de Servicios de Vigo, S.A. was liquidated in Spain.

In 2017, almost all of Brazil's security business was sold (except for four of its 27 regions), whose sale is expected to be completed in the first half of 2018 (Note 15), after the demerger on 31 December 2017.

In addition, the following mergers and spinoffs of subsidiaries occurred during the 2017:

- In October 2017, the merger by absorption of Servicios de Efectivo de Perú, S.A., was formalised in Peru by Compañía de Seguridad Prosegur, S.A.
- In November 2017, the merger by absorption of TC Interplata, S.A., was formalised in Argentina by Transportadora de Caudales Juncadella, S.A.

Additionally, the rest of changes in consolidation perimeter during the year 2017 includes acquisitions of subsidiaries whose information is detailed in Note 27.

2.3 Bases for the valuation

These consolidated financial statements have been prepared based on historical cost, with the following exceptions, where applicable:

- Assets, liabilities and contingencies acquired in business combinations, which are recognised at their fair value.
- Non-current assets and disposable groups of items classified as held for sale that are valued at the lowest value from between their book value and their fair value less sales costs.

The Prosegur Cash Group elected to measure its assets and liabilities in its first consolidated financial statements based on the carrying amounts included in the Prosegur Group's consolidated financial statements, eliminating consolidation adjustments made by the Prosegur Group, and consequently Prosegur Cash has adopted the same options of IFRS 1 as those chosen by the Parent Company.

2.4 Comparative information

The 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 consolidated annual accounts for 2017 include comparative figures for the previous year.

In 2016, deferred income tax assets and liabilities were not offset in the consolidated statement of financial position for that year, despite meeting the criteria established in note 32.18. However, the Group considers that the effect of not offsetting is not relevant in the consolidated annual accounts as a whole and, therefore, in 2017 it reclassified the corresponding comparative data. In this regard, the amounts recorded as deferred tax assets and liabilities as of 31 December 2016 were EUR 89,546 thousand and EUR 67,244 thousand, respectively.

2.5 Estimates, assumptions and relevant judgements

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying Prosegur Cash's accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU and measure its assets and liabilities and profit and loss.

Although estimates are calculated by the Board of Directors of Prosegur Cash based on the best information available at year end, future events may require modification of these estimates in subsequent years. Any effect on the consolidated annual accounts of modifications to be made in subsequent years would be recognised prospectively, where appropriate.

Accounting estimates and assumptions

The information on the relevant accounting estimates, assumptions and relevant judgements applicable for the accounting policies for 2017 and 2016, which could involve a significant risk of material adjustments during the year ended 31 December 2017, are included in the following notes:

- Business combinations: determination of the provisional reasonable values and related goodwill (Notes 27 and 32.1).
- Impairment of property, plant and equipment, intangible assets (including goodwill) and real estate investments: assumption used for the calculation of recoverable amounts. (Notes 11, 12, 13, 32.6, 32.7, 32.8 and 32.9).
- Available-for-sale financial assets: assumptions used to calculate fair values (Note 32.10).
- Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimate amounts of resource outflows. (Notes 21, 25 and 32.16).
- Recognition and measurement of the defined benefit plans for employees: actuarial hypotheses for the provision of defined benefit plans for employees (Notes 5.2, 21 and 32.19)
- Recognition and measurement of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (Notes 24 and 32.18).

Relevant judgements

Information on judgements made in applying Prosegur Cash accounting policies with a significant impact on the amounts recognised in the consolidated financial statements is included in the following notes:

- Consolidation: control determination (Note 32.2)
- Leases: lease classification (Note 32.21)
- Non-current assets held for sale and associated liabilities (Note 15 and 32.13).

Determination of fair values

Certain Prosegur Cash accounting policies and details require the determination of fair values of financial and non-financial assets and liabilities.

Prosegur Cash has established a control framework with respect to determining fair values. This framework includes a measurement team, reporting directly to Financial Management, with general responsibility over the supervision of all relevant fair value calculations.

On a regular basis the measurement team reviews significant unobservable criteria and measurement adjustments. If third-party information is utilised in determining fair values, such as price-fixing or broker quotations, the measurement team verifies the compliance of such information with the EU-IFRS and the level in the fair value hierarchy by which such measurements should be classified.

Significant measurement issues are reported to the Prosegur Cash Audit Committee.

In determining the fair value of an asset or liability, Prosegur Cash uses observable market data to the greatest extent possible. Fair values are classified into different levels of fair value on the basis of the input data used in the measurement techniques, as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: variables other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: variables for the asset or liability that are not based on observable market data (unobservable inputs).

If such input data that are used to measure the fair value of an asset or liability may be classified into different levels of the fair value hierarchy, the fair value measurement is classified in its entirety into the same level of the fair value hierarchy, corresponding to the significant input data level for the complete measurement presented by the lower level.

Prosegur Cash recognises transfers among levels of the fair value hierarchy at the end of the period in which the change has taken place.

The following notes contain more information on the assumptions utilised in determining fair values:

- Note 15: Non-current assets held for sale.
- Note 27: Business combinations.
- Note 29.3: Financial instruments and fair value.

3. Revenues

Revenues have been only obtained from services rendered.

Thousands of euros	31/12/2017	31/12/2016
Provision of services	1,924,258	1,724,258
Total revenues	**1,924,258**	**1,724,258**

For more information on revenue by geographical area, see Note 10. See Note 32.20 for a description of the Group's revenue recognition policy.

4. Selling, general and administrative expenses

The main cost of sales and selling, general and administrative expenses are as follows:

Thousands of euros	31/12/2017	31/12/2016
Supplies	45,796	43,426
Expenses from employee benefits (Note 5)	888,364	781,205
Operating leases	12,972	25,318
Supplies and external services	116,538	115,476
Depreciation and amortisation	36,586	30,577
Other expenses	130,488	101,329
Total costs to sell	**1,230,744**	**1,097,331**

Thousands of euros	31/12/2017	31/12/2016
Supplies	1,237	1,937
Expenses from employee benefits (Note 5)	87,424	109,224
Operating leases	33,257	28,648
Supplies and external services	53,682	53,293
Depreciation and amortisation	31,288	31,316
Other expenses	124,144	81,339
Total sale and administrative expenses	**331,032**	**305,757**

In 2017, the Other expenses section, under administrative and sales expenses, include expenses for management support services and trademark use expenses for a total amount of EUR 78,311 thousand (EUR 61,424 thousand in 2016), Note 28. This section also includes costs for indirect taxes, mainly from Argentina and Brazil, amounting to EUR 18,287 thousand (2016: EUR 10,465 thousand) in addition to the support costs for Brazil totalling EUR 19,089 thousand (2016: EUR 6,952 thousand), which after the demerger on 31 December 2017 (Note 15) will be included in the billing for services to support management in the future.

The increase in expenses for employee benefits, by sale cost, is mainly due to the new business combinations (Note 27) and the increase in provisions for employment reasons (Note 21). On the other hand, the reduction in employee benefit expenses included in the administrative and sales expenses heading was reduced due to the transfer of staff in August 2016 to Prosegur Gestión de Activos, a subsidiary of the Prosegur Group. See details of employee benefit expenses in Note 5.

The other expenses heading, under sales costs, was increased in 2017 by EUR 29,159 thousand, mainly as a result of an increase in insurance premiums and freight expenses.

Under supplies and external services are included the costs for repairs of transport elements, counting machines as well as operational subcontracting to third parties and other advisors such as lawyers, auditors and consultants.

5. Employee benefits

5.1 Employee benefit expenses

Details of employee benefits costs are as follows:

Thousands of euros	31/12/2017	31/12/2016
Salaries and wages	709,567	660,771
Social Security	173,758	158,985
Other employee benefits expenses	52,628	49,191
Termination payments	39,835	21,482
Total employee benefits expense	**975,788**	**890,429**

In relation to the 2017 Long-Term Incentive Plan for the Chief Executive Officer and Senior Management of Prosegur Cash (Note 32.19), the expense corresponding to the commitment accrued in 2017 for EUR 2,331 thousand has been included under the wages and salaries heading (Note 21) (2016: EUR 1,790 thousand). The indemnities heading includes expenses for provision for occupational risks, which increased in 2017 (Note 21).

5.2 Employee benefits

The Prosegur Cash Group contributes to four defined benefit plans in France, Brazil, Germany, and Mexico. The defined benefit plan comprises post-employment healthcare. This benefit is required under Law 9656 of Brazil. The defined benefit plan in Mexico consists of seniority bonuses applied for the first time in 2017, while the defined benefit plans in France and Germany consist of retirement benefits.

During the 2017, the amount recognised as an increase in personnel expenses in the income statement in the consolidated results account under the sales costs section, administration costs and sales amount to EUR 351 thousand (2016: a higher cost of EUR 1,136 thousand).

The movement of the current value of obligations is shown in the following table:

Thousands of euros	31/12/2017	31/12/2016
Balance as of January 1	**7,462**	**4,787**
Net Cost/(Income) for the period	351	1,136
Plan contributions	(579)	(113)
Actuarial loss/profit	1,137	955
Translation differences	(612)	697
Balance as of December 31	**7,759**	**7,462**

During 2017, the negative impact on equity arising from actuarial losses amounted to EUR 751 thousand (negative impact of EUR 649 thousand in 2016) (see Note 21).

The breakdown between current and non-current in the current value of obligations for the main defined benefit plans in Germany, Brazil, France and Mexico is as follows:

Thousands of euros	Brazil		France		Germany		Mexico	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Non-current	4,365	4,027	1,910	2,821	620	614	864	
Current	-	-	-	-	-	-	-	n/a
	4,365	4,027	1,910	2,821	620	614	864	

The movement of the current value of the main obligations for the defined benefit plans, in Germany, Brazil, France and Mexico is as follows:

	Brazil		France		Germany		Mexico	
Thousands of euros	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Balance as of January 1	**4,027**	**1,694**	**2,821**	**2,480**	**614**	**613**		
Net Cost/(Income) for the period	(206)	1,015	(446)	120	26	1	977	
Plan contributions	(76)	(47)	(426)	(66)	(31)	-	(46)	**n/a**
Actuarial loss/profit	1,151	668	(39)	287	11	-	14	
Translation differences	(531)	697	-	-	-	-	(81)	
Balance as of December 31	**4,365**	**4,027**	**1,910**	**2,821**	**620**	**614**	**864**	

At 31 December 2017, Brazil's defined benefit plans have 10,403 employees and 74 retirees (17,866 employees and 78 retirees in 2016). France's plan had 622 employees in 2017 (588 employees in 2016). Germany's plan had 2 employees as of 31 December 2017 (2 employees in 2016). Mexico's plan had 873 employees as of 31 December 2017.

The detail of the actuarial assumptions used to calculate the present value of the main obligations of defined benefit plans in Brazil, France, Germany and Mexico is as follows:

	Brazil		France		Germany		Mexico	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Inflation rate	5.0%	5.0%	1.0%	1.0%	1.8%	0.6%	3.5%	
Annual discount rate	5.4%	5.7%	1.5%	1.4%	1.8%	2.1%	9.5%	n/a
Retirement age	n/a	n/a	65	65	65	65	n/a	

The age factor assumed in the benefit plan of Brazil in accordance with the experience of the Prosegur Cash Group's experience is as follows:

- 0 to 5 Minimum Salaries = 16.97%
- 5 to 10 Minimum Salaries = 14.29%
- Over than 10 Minimum Salaries= 11.42%

The mortality tables used in determining the defined benefit obligation were:

Brazil		Francia		Alemania		Mexico	
31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
AT 2000 lessened to 10% segregated by gender	AT 2000 lessened to 10% segregated by gender	INSEE 2017	INSEE 2014	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Experience of the Mexican Social Security for Assets 1997	n/a

The defined benefit plan variables which cause the Prosegur Cash Group exposure to actuarial risk are: longevity, medical cost trends, inflation, retirement age, discount rate and market.

6. Other revenues and expenses

Other income

Thousands of euros	31/12/2017	31/12/2016
Profits from the sale of property, plant and equipment	-	46,374
Profits from the sale of shares	49,873	-
Profits from the sale of intangible assets	36,038	-
Income from royalties	-	13,640
Income from leasing real estate investments	1,249	6,130
Other income	921	5,289
Total other income	**88,081**	**71,433**

In 2017, the "Other income" heading in the consolidated financial statement primarily includes the recorded profit derived from the sale of Prosegur Cash's 100% stake in the Spanish company Compañía Ridur 2016, S.A. in March 2017 for EUR 49,873 thousand and the profit recorded from the sale of certain Prosegur trademark registrations owned by Juncadella Prosegur Internacional, S.A. to the Prosegur Group in March 2017 for EUR 36,038 thousand (Note 28). The price of both transactions was determined on the basis on appraisals conducted by independent experts close to the time of sale.

In addition, rental income accrued on investment property until the time of sale amounted to EUR 1,249 thousand (Note 15).

As of 31 December 2016, the heading of the consolidated income statement included the net profits obtained from the sale of operational real estate to other companies of the Prosegur Group amounting to EUR 46,374 thousand; revenue from licence use of Prosegur trademark registrations, sold in 2017, amounting to EUR 13,640 thousand and net income from the rental of real estate investments in Argentina, amounting to EUR 6,130 thousand. The sale price of said real estate was determined on the basis on appraisals conducted by independent experts close to the time of sale.

Other expenses

Details of other expenses are as follows:

Thousands of euros	31/12/2017	31/12/2016
Impairment losses on trade receivables	(1,614)	(1,384)
Impairment losses on non-current assets	(104)	(9)
Net Profit / (Loss) due to the disposal of real estate investments	(1,389)	-
Other expenses	(952)	(1,326)
Total other expenses	**(4,059)**	**(2,719)**

In 2017, the loss from the sale of one floor and 8 parking spaces in Argentina on 12 January 2017, amounting to EUR 300 thousand, is recorded under the losses from the disposal of real estate investments heading.

It also includes the net loss from the sale of the remaining real estate investments to the Prosegur Group on 23 February 2017 for EUR 67,380 thousand, generating a loss amounting to EUR 1,089 thousand (Note 28) .

In 2016, the loss from the sale of two floors of the Torre Intercontinental in Argentina was recorded for a total amount of EUR 802 thousand, as well as the recorded loss derived from the sale of Prosegur Cash's 51.28% stake in the Chilean company Sociedad de Distribución Canje y Mensajería Ltda for EUR 296 thousand.

7. Net financial expenses

Details of the net financial expenses are as follows:

Thousands of euros	31/12/2017	31/12/2016
Interest paid:		
- Loans and borrowings	(16,636)	(7,198)
- Loans with other companies (includes Group companies)	(152)	(2,815)
- Finance leases	(1,874)	(1,989)
	(18,662)	**(12,002)**
Interest received:		
- Credit and other investments (includes Group companies)	454	23,749
	454	**23,749**
Other results		
Net gains/losses on foreign currency transactions	25,600	(7,511)
Other finance income	6,457	7,365
Other financial expenses	(14,580)	(20,801)
	17,477	**(20,947)**
Net financial expenses	**(731)**	**(9,200)**
Total finance income	**32,511**	**31,114**
Total finance costs	**(33,242)**	**(40,314)**
Net financial expenses	**(731)**	**(9,200)**

The variation in net profits from transactions in foreign currency between 2017 and 2016 mainly corresponds to transactions in foreign currency different to the operational currency in each country, mainly in Argentina.

Loan interest expenses with credit institutions have increased as a result of the syndicated financing operation amounting to EUR 600,000 thousand arranged in December 2016, which was cancelled on 20 November 2017 and 20 December 2017.

Revenue from Prosegur Cash Group companies reduced in 2017 as a result of the full cancellation of the loans granted to the Prosegur Group in 2016 (Note 28).

The "Other financial expenses and income" heading mainly includes monetary restatements as a result of the calculation of the amortised cost of debt as well as, the legal claims for employment reasons in Brazil (Note 21), as well as the monetary restatement of the tax contingencies, mainly in Brazil (Note 21) and the monetary restatement of the deferred payments of business combinations that occurred in the different countries (Note 27).

At 31 December 2017 and 2016 there are no derivative financial instruments arranged by Prosegur Cash.

8. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year (Note 20 (a)).

Euros	31/12/2017 Continued operations	Continued operations (Note 15)	Total
Profit for the year attributable to owners of the parent	304,383,252	490,578	304,873,830
Weighted average number of ordinary shares outstanding	1,498,959,105	1,498,959,105	1,498,959,105
Basic earnings per share	**0.20**	**0.00**	**0.20**

Euros	31/12/2016 Continued operations	Continued operations (Note 15)	Total
Profit for the year attributable to owners of the parent	226,237,829	(47,914,000)	178,323,829
Weighted average number of ordinary shares outstanding	651,724,191	651,724,191	651,724,191
Basic earnings per share	**0.35**	**(0.07)**	**0.27**

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 potentially dilutive common shares.

9. Dividends per share

The dividend on account of the profits from 2017, approved by the Board of Directors on 18 December 2017, was EUR 107,400 thousand, EUR 0,0716 per share, considering that the share capital on the date of the aforementioned Board of Directors meeting was divided into 1,500 million of shares. 40% of the approved dividends, which amount to EUR 42,960 thousand were paid to the shareholders on 27 December 2017. The rest will be paid in March, June and September 2018, in equal payments, that is, EUR 21,480 thousand in each payment.

The provisional financial statement formulated by the Board of Directors in accordance with the legal requirements that presents the existence of sufficient liquidity for the distribution of the mentioned interim dividend is set out below:

	Thousands of euros 2017
1. Initial cash and cash equivalents (before distribution of interim dividends)	752,854
2. Balances in group current accounts	(326,107)
3. Account receivables	289
4. Current accounts receivables	4,459
5. Current accounts payables	(5,891)
6. Extraordinary blances payables	(1,873)
Projected cash and cash equivalents	423,731
Less proposed dividend payment	(107,400)
Cash and cash equivalents after dividends	316,331

10. Segment reporting

The Board of Directors is the maximum decision-making body at Prosegur Cash and it reviews the internal financial information of Prosegur in order to assess performance and allocate resources accordingly.

The Board of Directors analyses business by geographical area.

The main segments are identified in geographical terms as follows:

- Europe, which includes the following countries: Spain, Germany, France, Portugal and Luxembourg (despite not being a jurisdiction with operational activity, Luxembourg is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., which has the corporate purpose of insurance coverage).
- Asia-Oceania and Africa (AOA), which includes the following countries: Australia, India, Singapore (despite not being a jurisdiction where there is operational activity, it is included as a result of the Singapore company Singpai Pte Ltd for the purpose of administrative coverage) and South Africa.
- Latin America, which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

The geographies are a fundamental axis in the organisation and are represented in the Regional Business General Divisions, which are responsible for the commercial negotiations and the design of the services that each of the clients demands, covering the totality of the lines of business in each region. The segments have been defined according to the organisational structure and based on the similarities of the macroeconomic and commercial markets and market operations, and on the basis of inter-country trade negotiations within each region.

Prosegur Cash has a broad portfolio of global clients that allows regional and not national negotiation. Therefore, segmentation by region is the best way to manage at the EBIT level, which is compatible with making decisions at more granular levels based on business indicators.

The following ratios are used in segment reporting:

- EBITDA: Consolidated profit/loss of the Group before amortisations, depreciation, revenue/(costs) and corporate tax.
- EBIT: Consolidated profit/loss of the Group before revenue/(costs) and corporate tax;
- Consolidated profit for the year: Consolidated profit/loss net of tax.

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

The Prosegur Cash Group is not highly dependent on any particular customers (Note 29).

Details of revenue, EBIT and net profit/loss by segments

Details of revenues by segment are as follows:

	Europe		AOA		Iberoamerica		Total	
Thousands of euros	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Revenue	465,354	455,275	99,336	91,156	1,359,568	1,177,827	1,924,258	1,724,258
% of total	24%	27%	5%	5%	71%	68%	100%	100%
Total sales	**465,354**	**455,275**	**99,336**	**91,156**	**1,359,568**	**1,177,827**	**1,924,258**	**1,724,258**

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

	Europe		AOA		Iberoamérica		Not allocated		Total	
Thousands of euros	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Sales	465,354	455,275	99,336	91,156	1,359,568	1,177,827	-	-	1,924,258	1,724,258
Other net costs	(409,546)	(395,673)	(95,524)	(86,055)	(991,077)	(860,157)	84,819	64,875	(1,411,328)	(1,277,010)
EBITDA	55,808	59,602	3,812	5,101	368,491	317,670	84,819	64,875	512,930	447,248
Depreciation	(14,804)	(13,829)	(7,689)	(5,937)	(45,379)	(42,127)	-	-	(67,872)	(61,893)
Operating profit/loss (EBIT)	41,004	45,773	(3,877)	(836)	323,112	275,543	84,819	64,875	445,058	385,355
Net financial expenses	(15,918)	(6,597)	(2,493)	(2,159)	17,680	(21,479)	-	21,035	(731)	(9,200)
Income tax	(1,277)	(4,256)	402	(1,292)	(122,641)	(99,918)	(16,450)	(44,447)	(139,966)	(149,913)
Post-tax profit from continuing operations	23,809	34,920	(5,968)	(4,287)	218,151	154,146	68,369	41,463	304,361	226,242

The following are the allocated and unallocated profit/loss from the income statement:

(In thousands of euros)	Total allocated		Total not allocated			Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	Note	31/12/2017	31/12/2016
Revenue	1,924,258	1,724,258	-	-	3	1,924,258	1,724,258
Costs to sell	(1,230,744)	(1,097,331)	-	-	4	(1,230,744)	(1,097,331)
Gross profit	**693,514**	**626,927**	**-**	**-**		**693,514**	**626,927**
Other income	920	5,289	87,161	66,144	6	88,081	71,433
Sale and administrative expenses	(331,032)	(305,412)	-	(345)	4	(331,032)	(305,757)
Other expenses	(1,717)	(1,795)	(2,342)	(924)	6	(4,059)	(2,719)
Share of profits/losses of financial year accounted for under the equity method	(1,446)	(4,529)	-	-	14	(1,446)	(4,529)
Operating profit/loss (EBIT)	**360,239**	**320,480**	**84,819**	**64,875**		**445,058**	**385,355**
Finance income	32,511	7,409	-	23,705	7	32,511	31,114
Finance expenses	(33,242)	(37,644)	-	(2,670)	7	(33,242)	(40,314)
Net Financial Income / (Costs)	**(731)**	**(30,235)**	**-**	**21,035**		**(731)**	**(9,200)**
Profit before tax	**359,508**	**290,245**	**84,819**	**85,910**		**444,327**	**376,155**
Income tax	(123,516)	(105,466)	(16,450)	(44,447)	24	(139,966)	(149,913)
Post-tax profit from continuing operations	**235,992**	**184,779**	**68,369**	**41,463**		**304,361**	**226,242**
Earnings after tax from discontinued operations	-	-	489	(47,276)	15	489	(47,276)
Consolidated profit for the year	**235,992**	**184,779**	**68,858**	**(5,813)**		**304,850**	**178,966**

The unallocated profit/loss corresponds to the following items:

Thousands of euros	31/12/2017	31/12/2016
Sale of the trademark to the Prosegur Group (Note 6)	36,038	-
Income from leasing real estate investments (Note 6)	-	6,130
Maintenance costs for real estate investments (Note 6)	-	(345)
Profits from the sale of property, plant and equipment (Note 6)	-	46,374
Sale of Ridur shareholding to Prosegur Group (Note 6)	49,873	-
Trademark billing (Note 6)	-	13,640
Loss from the sale of Sociedad de Distribución Canje y Mensajería Ltda (Note 6)	-	(296)
Profit (Loss) from the sale of real estate investments (Note 6)	(1,389)	(802)
Income from leasing real estate investments (Note 6)	1,249	-
Other (Note 6)	(952)	174
EBITDA/EBIT	**84,819**	**64,875**
Financial Income (Note 7)	**-**	**21,035**
Tax associated with company restructuring (Note 24)	(9,010)	(22,330)
Capital gains tax from the sale of real estate	-	(11,858)
Taxes for other unallocated items	(1,170)	(10,259)
Tax from the demerger of Brasil Seguridad	(6,270)	
Tax from continued activities	**(16,450)**	**(44,447)**
Post-tax profit from continuing operations	**68,369**	**41,463**

Details of revenue by activity are as follows:

	Europe		AOA		Iberoamerica		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
National and international transportation and custody of valuable goods:	260,267	263,737	53,724	53,704	954,841	854,629	1,268,832	1,172,070
% of total	55.9%	57.9%	54.1%	58.9%	70.2%	72.5%	65.9%	68.0%
Cash Management	150,859	150,574	35,981	35,242	302,072	255,203	488,912	441,019
% of total	32.4%	33.1%	36.2%	38.7%	22.2%	21.7%	25.4%	25.6%
New products	54,228	40,964	9,631	2,210	102,655	67,995	166,514	111,169
% of total	11.7%	9.0%	9.7%	2.4%	7.6%	5.8%	8.7%	6.4%
	465,354	**455,275**	**99,336**	**91,156**	**1,359,568**	**1,177,827**	**1,924,258**	**1,724,258**

The services rendered by the Prosegur Cash Group through its subsidiaries are classified in the following lines of activity within the geographical segments:

- Transport: transport in armoured vehicles and custody of funds and securities in the Group's vaults, as well as high value merchandise such as jewellery, works of art, precious metals, electronic devices, votes and judicial evidence.

- Cash management: preparation of banknotes and coins for recirculation according to the regulations of the country and the requirements of the Central Bank. This includes processing, packaging and recycling banknotes.
- Outsourcing: comprising various products, including:
  - The management of the cash cycle, from the planning of the need for cash in cashpoints, minimising the financial and logistic cost and ensuring the availability of cash, to filling cashpoints with cash in the requested denominations and balancing the cash data in the cashpoint at the time of the filling with the data of the strip printed on it.
  - Comprehensive management of cash automation machines for the public (front-office) and the management of internal staff (back office) for retail clients. This management includes parts of cash management, transportation and custody but they are included in the package.
  - The management of the outsourcing of other services in financial institutions ("AVOS") includes services such as document management, support service for payment methods and legal services.

Asset distribution by segments

The asset distribution by segments is as follows:

Distribution of Cash business assets by geographical segments

	Europe		AOA		Iberoamerica		Total	
Thousands of euros	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Non-current assets allocated to the segments	155,808	134,582	111,882	117,365	561,825	581,535	829,515	833,482
Current assets allocated to the segments	127,890	136,656	42,322	72,809	661,445	554,703	831,657	764,168
	283,698	**271,238**	**154,204**	**190,174**	**1,223,270**	**1,136,238**	**1,661,172**	**1,597,650**

Distribution of Security business assets by geographical segments

In 2017 and 2016, the assets of the Security business in Brazil classified as non-current assets held for sale were not included in the previously presented breakdown of assets by segments for EUR 53,442 thousand for 2017, EUR 266,568 thousand for 2016 (Note 15).

Furthermore, the current financial assets with the Prosegur Group were not allocated in 2016, amounting to EUR 26,627 thousand (Note 28).

Liabilities distribution by segments

Details of liabilities allocated to segments and a reconciliation with total liabilities are as follows:

	Europe		AOA		Iberoamerica		Total	
Thousands of euros	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Liabilities allocated to segments	**811,764**	**808,509**	**128,703**	**34,148**	**475,702**	**541,058**	**1,416,169**	**1,383,715**

In 2017 and 2016, the liabilities of the Security business in Brazil classified as liabilities directly associated with non-current assets held for sale were not included in the previously presented breakdown of liabilities by segments for EUR 26,795 thousand in 2017, and EUR 184,688 thousand for 2016 (Note 15).

Furthermore, the current financial liabilities with the Prosegur Group, which amounted to EUR 136,972 thousand (Note 28), were not allocated in 2016 to the detail of the liabilities previously presented.

Below is the cash flow status for just the Cash business.

(In thousands of euros)	Note	31/12/2017	31/12/2016
Cash flows from operating activities			
Profit/loss for the year		**304,361**	**226,242**
Adjustments for:			
Depreciations and amortisations	11.13	67,874	61,893
Impairment losses on non-current assets	11	104	9
Impairment losses on trade receivables and stock	16, 18	1,619	1,457
Change in provisions	21	39,544	40,433
Finance income	7, 15	(32,511)	(31,114)
Finance expenses	7, 15	33,242	40,314
Share of profits/losses of financial year accounted for under the equity method	14	(1,446)	4,529
(Profit) / Loss due to the disposal and sale of fixed assets and real estate investments	6	1,389	(45,572)
(Profit) / Loss from the sale of shares and intangible assets	6	(85,911)	-
(Profit) / Loss from the sales of subsidiaries		-	296
Income tax	24	139,966	149,913
		-	-
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		282	(977)
Clients and other accounts receivable (includes Group companies)		4,843	11,547
Suppliers and other accounts payable (includes Group companies)		(35,109)	(53,838)
Payment of provisions	15, 21	(39,853)	(22,189)
Other current liabilities		(4,253)	-
Other current assets		-	-
Cash from operating activities			
Interest paid		(17,471)	(11,085)
Income tax paid		(139,384)	(115,920)
Net cash from operating activities		**237,287**	**255,938**
Cash flows from investing activities			
Proceeds on sales of non-current assets held for sale	6, 15	70,300	100,895
Collections from financial assets		6,774	-
Collections from the sale of intangible assets	6	36,038	-
Collections from shares	6, 15	49,873	88,907
Interest collection		1,571	30,670
Collections from investments		-	37,012
Dividends received		-	8,541
Acquisition of subsidiaries, net of cash and cash equivalents	27	(47,620)	(29,529)
Acquisition of property, plant and equipment	11, 15	(97,790)	(88,126)
Acquisition of intangible assets	13, 15	(7,047)	(6,206)
Payments for the acquisition of subsidiaries		-	(10,733)
Payments for the acquisition of financial assets (includes Group companies)		-	(30,009)
Net cash from investing activities		**12,099**	**101,422**
Cash flows from financing activities			
Payments from the issuance of own shares and own equity instruments		(2,127)	3
Collections from contributions		-	3,289
Financing received		-	715,178
Collections from obligations and other tradable securities		594,117	-
Payments from the reduction of capital from subsidiaries		-	(46,781)
Payments from debts		(543,791)	(21,778)
Distribution of issuance premium		-	(910,548)
Payments from debts with group companies		(112,374)	-
Dividends paid	9	(42,960)	(74,619)
Net cash from financing activities		**(107,134)**	**(335,256)**
Net increase / (decrease) of cash and other liquid resources		142,252	22,104
Cash and cash equivalents at the beginning of period		188,780	175,825
Effect of exchange differences		(13,255)	(9,149)
Cash and cash equivalents at the end of the period		**317,777**	**188,780**

The other cash inputs/outputs are considered to be from the Security business.

11. Property, plant and equipment

Details and movement in the different categories of property, plant and equipment are as follows:

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Armoured vehicles and other property, plant and equipment	Advances and assets under construction	Total
Cost						
Balance on 1 January 2016	**17,604**	**94,254**	**133,761**	**259,515**	**24,582**	**529,715**
Translation differences	(2,290)	9,181	5,402	17,217	457	29,967
Transfer to non-current assets held for sale		(188)	(1,559)	(7,487)	(270)	(9,504)
Business combinations (Note 27)	-	7	1,768	1,735	-	3,510
New additions	1,541	9,375	16,433	17,056	45,483	89,888
Write offs	(5)	(2,293)	(6,345)	(15,326)	(1,834)	(25,803)
Transfers	941	10,737	4,357	7,121	(23,156)	-
Balance as of 31 December 2016	**17,791**	**121,073**	**153,817**	**279,831**	**45,262**	**617,773**
Translation differences	(5,180)	(13,521)	(17,544)	(28,210)	(5,603)	(70,058)
Business combinations (Note 27)	5,505	121	1,187	772	-	7,585
New additions	693	15,790	40,320	25,089	15,898	97,790
Write offs	(2,976)	(2,035)	(5,184)	(9,366)	(232)	(19,793)
Transfers	7,112	7,259	7,140	4,234	(25,745)	-
Balance as of 31 December 2017	**22,945**	**128,687**	**179,736**	**272,350**	**29,580**	**633,297**

Miles de euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Armoured vehicles and other property, plant and equipment	Advances and assets under construction	Total
Amortisation and depreciation						
Balance on 1 January 2016	**(468)**	**(54,570)**	**(66,294)**	**(186,036)**	**-**	**(307,368)**
Translation differences	294	(4,418)	(2,010)	(13,155)	-	(19,289)
Transfer to non-current assets held for sale	-	134	665	1,922	-	2,721
Write offs	3	1,275	1,713	13,160	-	16,151
Transfers	-	314	(670)	356	-	-
Amortisation for the fiscal year	(1,034)	(9,892)	(12,712)	(19,982)	-	(43,620)
Provision for impairment recognised in profit and loss	-	-	-	(9)	-	(9)
Balance as of 31 December 2016	**(1,205)**	**(67,157)**	**(79,308)**	**(203,744)**	**-**	**(351,414)**
Translation differences	275	5,743	9,650	19,001	-	34,669
Transfer to non-current assets held for sale	-	-	-	-	-	-
Write offs	180	946	2,533	7,093	-	10,752
Transfers	(215)	450	320	(555)	-	-
Amortisation for the fiscal year	(662)	(12,165)	(14,433)	(20,680)	-	(47,940)
Provision for impairment recognised in profit and loss	-	-	-	(104)	-	(104)
Balance as of 31 December 2017	**(1,627)**	**(72,183)**	**(81,238)**	**(198,989)**	**-**	**(354,037)**

Carrying amount						
On 1 January 2016	17,136	39,684	67,466	73,479	24,582	222,347
As of 31 December 2016	16,586	53,916	74,508	76,087	45,262	266,359
On 1 January 2017	16,586	53,916	74,508	76,087	45,262	266,359
As of 31 December 2017	21,318	56,504	98,498	73,361	29,580	279,261

As of 31 December 2017, the new property, plant and equipment material recorded amounted to EUR 97,790 thousand, which mainly comprise investments made for fitting out bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina, Spain and Brazil in both years.

The advances and property, plant and equipment in progress heading at the close of 2017 mainly includes advance payments for manufacturing armoured vehicles in Brazil, Argentina and Mexico amounting to EUR 8,579 thousand (in 2016: EUR 11,917 thousand), machinery advances in Argentina, Brazil and Mexico amounting to EUR 4,143 thousand (in 2016: EUR 7,248 thousand), and adaptation of facilities in Argentina, Brazil and Australia for EUR 2,929 thousand (in 2016: EUR 10,184 thousand).

As of 31 December 2017, no assets were subject to restrictions on title or ownership and none had been pledged as security for specific transactions.

Commitments for the acquisition of property, plant and equipment are detailed in Note 26.

The Prosegur Cash Group policy is to take out insurance policies to cover possible risks that the diverse elements of its property, plant and equipment are subject to. At the close of 2017 and 2016, there was no lack of cover for these risks.

Property, plant and equipment acquired by the Prosegur Cash Group under finance leases are as follows:

	31 de diciembre de 2017			
Miles de euros	**Technical installations and machinery**	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Cost of capitalised financial leases	6,804	74	53,323	60,201
Depreciation	(6,042)	(74)	(30,622)	(36,738)
Carrying amount	**762**	**-**	**22,701**	**23,463**

	31 de diciembre de 2016			
Miles de euros	**Technical installations and machinery**	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Cost of capitalised financial leases	6,731	85	36,452	43,268
Depreciation	(5,034)	(70)	(23,073)	(28,177)
Carrying amount	**1,697**	**15**	**13,379**	**15,091**

The main leasing contracts for property, plant and equipment are the following:

- Other property, plant and equipment: leasing of armoured vehicles in Germany and Brazil.
- Technical installations and machinery: leasing of banknote counting machines in Brazil.

The breakdown of the minimum payments and the current value of the financial lease liabilities is disclosed in Note 22.

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Balance as of January 1	**317,351**	**306,845**
Business combinations (Note 27)	16,972	6,209
Transfer to non-current assets held for sale	-	(12,503)
Translation differences	(15,579)	16,800
Balance as of December 31	**318,744**	**317,351**

Additions goodwill derived from business combinations are the following:

		31/12/2017	
	Country	% ownership	Miles de euros
Grupo Contesta (1)	Spain	100%	5,097
Other Prosegur Cash business combinations (1)	Miscellaneous	100%	11,875
			16,972

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

		31/12/2016	
	Country	% ownership	Thousands of euros
MIV Gestión S.A.	Spain	100%	309
Procesos Técnicos de Seguridad y Valores SAS	Colombia	100%	71
Toll Transport PtyLt	Australia	100%	5,829
			6,209

The details of the goodwill estimates related to the above tables, as well as the allocation made of those whose final valuation were completed in the period are included in Note 27.

Impairment testing of goodwill

Goodwill has been allocated to the Prosegur Cash Group's cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to the CGU that are expected to benefit from the business combination from which the goodwill arose.

A summary of the CGU to which goodwill has been allocated, by country, is as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Spain CGU	7,512	2,415
France CGU	16,938	16,938
Portugal CGU	5,730	5,730
Germany CGU	34,305	34,305
Subtotal Europe	**64,485**	**59,388**
Australia CGU	36,243	38,105
Subtotal AOA	**36,243**	**38,105**
Brazil CGU	94,770	105,217
Chile CGU	35,586	35,586
Peru CGU	32,129	21,358
Argentina CGU	30,304	30,929
Colombia CGU	15,156	17,149
CGU rest of Iberoamerica	10,071	9,619
Subtotal Iberoamerica	**218,016**	**219,858**
Total	**318,744**	**317,351**

The Prosegur Cash Group tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 32.9.

The recoverable amount of a CGU is determined based on its value in use. Company budgets for the following year and the strategic plan for subsequent years are the key operating assumptions used for calculating the value in use for different CGU. Both the budget and the plan have been approved by the Management and are calculated based on the experience of past years, correcting the deviations that occurred in previous years. Value in use is calculated using gross margin and sales projections that are calculated depending on the macroeconomic growth of each of the countries and efficiency plans defined for optimising results. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

The nature of the assets that are included to determine the carrying value of a CGU are: Property, plant and equipment, Goodwill, Other intangible assets and Working capital.
To identify the cash flows corresponding to the years after the approved business plan, perpetual income has been calculated based on the year's projected cash flow based on a growth rate that coincides with the estimate of future price changes for the year in the geographical area to which the CGU is associated.

Items projected for calculating value in use and the key assumptions considered are as follows:

- Revenue: the sales figure is estimated from growth by volume and by price. In general lines, growth by volume is based on the country's GDP and growth by price on inflation.
- Gross profit: based on efficiency plans defined by the Prosegur Cash Group, mainly optimisation of client portfolios, applying profitability analysis focussed on establishing thresholds below which it is not considered viable to establish a commercial relationship with the clients. The Gross Margin is calculated as the Group's total sales revenue minus the cost of sales, divided by the total sales revenue, expressed as a percentage.
- EBITDA: It is based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before the deduction of interest, taxes, depreciation and amortisation.
- CAPEX: mainly based on plans to renew the fleet depending on its age, with the aim of refreshing it. We consider the estimated 5% to be a fair Capex-sales ratio. It is calculated as the sum of the additions of property, plant and software.
- Working Capital: based on optimising days outstanding or average collection period for accounts payable. The projection is based on sales growth, according to the days outstanding. We consider that the working capital-sales ratio used (10%) is fair and, therefore, may be extrapolated to a projection. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.
- Taxes: projections for taxes are calculated depending on the effective rate for each country and the results expected from the same.

The macroeconomic estimates used are obtained from external sources of information.

The key assumptions used to calculate value in use are as follows:

	31/12/2017			31/12/2016		
	Europe	**AOA**	**Iberoamerica**	**Europe**	**AOA**	**Iberoamerica**
Growth rate (1)	2.13%	2.46%	4.34%	1.68%	3.29%	5.51%
Discount rate (2)	4.64%	7.88%	14.74%	4.95%	9.31%	20.00%

(1) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
(2) Weighted average discount rate after tax applied to cash flow projections.

Details of the key assumptions relating to the most significant CGU for 2017 are as follows:

	Spain	France	Germany	Portugal	Australia	India	Chile	Brazil	Colombia	Peru	Argentina
Growth rate	1.86%	1.68%	2.47%	2.35%	2.46%	4.95%	3.00%	4.02%	3.00%	2.01%	8.61%
Discount rate	4.96%	4.59%	4.42%	5.07%	7.88%	10.78%	9.43%	13.73%	11.98%	9.10%	28.56%

Details of the key assumptions relating to the most significant CGU for 2016 are as follows:

	Spain	France	Germany	Portugal	Australia	India	Chile	Brazil	Colombia	Peru	Argentina
Growth rate	1.56%	1.68%	1.98%	1.81%	2.52%	4.94%	3.00%	4.51%	3.00%	2.52%	9.70%
Discount rate	5.02%	4.65%	4.24%	6.48%	7.47%	13.24%	10.04%	16.43%	12.57%	10.17%	36.24%

Management determines the gross margins budgeted based on past experience and expected market results.

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount. No impairment losses have been recognised on goodwill in 2017 and 2016.

The EBITDA sensitivity analysis involves determining the turning point which would lead to impairment losses. Hypothetical cases are assessed until figures are reached that would mean impairment that would be registered on the financial statements. The percentage represents how much the EBITDA has to decrease for the CGU to experience impairment, with the other variables remaining constant.

The sensitivity analysis on the growth rate involves determining the weighted average growth/drop rate used for extrapolating cash flows beyond the budgeted period, from which impairment losses would arise for each of the most representative CGU. Additionally, the sensitivity analysis performed on the discount rate consists of determining the WACC from which losses for deterioration would arise for each of the most representative CGUs, whilst the other variables remain constant.

Along with impairment testing, the Prosegur Cash Group has also performed a sensitivity analysis of the key assumptions for goodwill allocated to the main CGU. The threshold from which impairment losses would arise for growth/drop (-) and EBITDA rates, independently processed, with the other variables remaining constant, is as follows:

	31/12/2017			31/12/2016		
	Discount rate	**Growth rate**	**EBITDA**	**Discount rate**	**Growth rate**	**EBITDA**
Brazil	20.56%	-6.28%	-22.02%	19.52%	0.02%	-9.30%
Argentina	188.03%	-100.00%	-52.61%	140.30%	-100.00%	-44.67%
Spain	38.62%	-100.00%	-48.69%	128.20%	-100.00%	-51.87%
France	5.06%	1.16%	-5.77%	5.86%	0.33%	-7.89%
Colombia	12.55%	2.27%	-3.03%	12.76%	2.75%	-0.82%
Peru	26.42%	-42.68%	-44.88%	35.20%	-73.85%	-45.52%
Chile	11.24%	0.73%	-9.21%	11.53%	1.13%	-9.35%
Germany	7.70%	-1.24%	-18.65%	7.09%	-1.28%	-18.48%
Australia	10.24%	-0.46%	-14.45%	23.77%	-35.80%	-34.89%

There would be impairment losses for discount rates above the % indicated in the table, and for growth rates or variations in EBITDA lower than the % indicated in the table.

The Prosegur Cash Group does not consider the sensitivity assumptions likely to occur. For this reason, there are no impairment indicators.

At December 2016, the total fair value of the Brazilian surveillance business, after valuation analysis by an independent adviser, amounted to BRL 63,273 thousand (equivalent, as of December 2016, to EUR 18,444 thousand). As the estimated fair value is higher than the net book value of the assets and liabilities at the valuation date, it has not been necessary any impairment (Note 15).

The valuation performed is based on the discounted cash flows (fair value of level 3). The valuation model takes into account the present value of future cash flows discounted at a discount rate for the company / projects adjusted to the business risk, which includes the rate of return required by shareholders and net debt creditors of taxes. The expected flows were determined with the revenue forecast and the EBITDA according to the budget approved by management. The significant unobservable variables used are related to the forecast of the annual growth of revenues according to the Company's expectations, the long-term growth in line with the long-term inflation expectations in Brazil (4.51%), the forecast of the EBITDA [2016-2019: from (0.3%) to 2.6%].

13. Other intangible assets

Details and movement in other intangible assets are as follows:

Thousands of euros	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Cost					
Balance on 1 January 2016	**39,653**	**227,502**	**17,598**	**4,524**	**289,277**
Translation differences	2,252	40,203	3,250	809	46,514
Business combinations (Note 27)	-	4,593	-	-	4,593
New additions	5,435	-	-	771	6,206
Write offs	(2,452)	-	-	-	(2,452)
Transfer to non-current assets held for sale	(3,993)	(27,883)	(4,824)	(1,348)	(38,048)
Balance as of 31 December 2016	**40,895**	**244,415**	**16,024**	**4,756**	**306,090**
Translation differences	(1,928)	(26,625)	(4,752)	(128)	(33,433)
Business combinations (Note 27)	16	24,880	-	867	25,763
New additions	7,047	-	-	70	7,117
Write offs	(13,662)	-	-	-	(13,662)
Transfer to non-current assets held for sale	-	(2,378)	2,378	-	-
Balance as of 31 December 2017	**32,368**	**240,292**	**13,650**	**5,565**	**291,875**
Depreciation					
Balance on 1 January 2016	**(27,653)**	**(69,857)**	**(14,841)**	**(3,133)**	**(115,484)**
Translation differences	(1,873)	(8,562)	(4,135)	(1,224)	(15,794)
Write offs	2,234	-	-	-	2,234
Transfer to non-current assets held for sale	3,069	8,192	3,321	501	15,083
Amortisation for the fiscal year	(3,536)	(13,577)	(369)	(791)	(18,273)
Balance as of 31 December 2016	**(27,759)**	**(83,804)**	**(16,024)**	**(4,647)**	**(132,234)**
Translation differences	1,106	6,541	3,582	101	11,330
Write offs	8,198	-	-	-	8,198
Transfer to non-current assets held for sale	-	-	-	-	-
Amortisation for the fiscal year	(3,284)	(16,508)	-	(143)	(19,935)
Balance as of 31 December 2017	**(21,739)**	**(93,771)**	**(12,442)**	**(4,689)**	**(132,641)**
Carrying amount					
On 1 January 2016	12,000	157,645	2,757	1,391	173,793
As of 31 December 2016	13,136	160,611	-	109	173,856
On 1 January 2017	13,136	160,611	-	109	173,856
As of 31 December 2017	10,629	146,521	1,208	876	159,234

The trademarks in the movement of intangible assets are all from business combinations and have a set useful life.

The carrying amount at 31 December 2017 for individually significant client portfolios and their remaining useful life are as follows:

	31/12/2017				
Thousands of euros	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Nordeste Group Large Client Portfolio	Brazil	78,399	(25,407)	52,992	12 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Brazil	27,668	(14,253)	13,415	8 years
Preserve y Transpev Large Client Portfolio	Brazil	20,987	(13,630)	7,357	5 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	Australia	12,968	(2,730)	10,238	15 years
Chubb Security Services PTY LTD Remaining Client Portfolio	Australia	19,158	(4,033)	15,125	15 years
Prosegur Cash business combination portfolio	Miscellaneous	9,480	(125)	9,355	18 years and 8 months
Contests Group Portfolio	Spain	9,333	(222)	9,111	13 years and 8 months
Transbank Client Portfolio	Brazil	8,009	(3,337)	4,672	8 years and 2 months
Nordeste Group Sergipe Client Portfolio	Brazil	7,592	(4,428)	3,164	4 years and 2 months
Fiel Large Client Portfolio	Brazil	7,322	(3,380)	3,942	7 years
Bahia Nordeste Group Other Client Portfolio	Brazil	5,934	(2,884)	3,050	6 years and 2 months
		206,849	**(74,429)**	**132,420**	

The carrying amount at 31 December 2016 for individually significant client portfolios and their remaining useful life are as follows:

	31/12/2016				
Thousands of euros	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Nordeste Group Large Client Portfolio	Brazil	90,456	(24,289)	66,167	13 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Brazil	26,916	(12,235)	14,681	9 years
Preserve y Transpev Large Client Portfolio	Brazil	24,306	(14,709)	9,597	6 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	Australia	13,634	(2,153)	11,481	16 years
Chubb Security Services PTY LTD Remaining Client Portfolio	Australia	20,143	(3,180)	16,963	16 years
Transbank Client Portfolio	Brazil	7,942	(2,742)	5,200	9 years and 2 months
Nordeste Group Sergipe Client Portfolio	Brazil	7,553	(3,651)	3,902	5 years and 2 months
Fiel Large Client Portfolio	Brazil	5,766	(2,218)	3,548	8 years
Bahia Nordeste Group Other Client Portfolio	Brazil	5,885	(2,370)	3,515	7 years and 2 months
		202,601	**(67,547)**	**135,054**	

As of 31 December 2017 and 2016, the cost for each individually significant client portfolio differs due to exchange rate differences.

In 2017, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations (see note 27):

31 de diciembre de 2017	Thousands of euros		
	Client portfolios	**Trademarks and licenses**	**Other intangible assets**
Cash Services Australia Pty Limited	1,504	-	-
Grupo Contesta	9,333	-	-
Other Prosegur Cash business combinations	14,043	-	867
	24,880	**-**	**867**

In 2016, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations:

	Thousands of euros
	Client portfolios
MIV Gestión, S.A.	701
Assets acquisition from Toll Transport Pty Ltd	3,892
	4,593

All above intangible assets have a defined useful life and are amortised in percentages ranging from 4.55% to 25% according to their estimated useful life. Details of the amortisation percentages of the customer portfolio and trademark are described in Note 32.7.

Intangible assets are tested for impairment as described in Notes 32.7 and 32.9. No impairment losses have been recognised or reversed in 2017 and 2016.

As of 31 December 2017, no intangible assets were subject to restrictions on title or ownership and none had been pledged as security for specific transactions.

14. Investments accounted for using the equity method

Investments accounted for under the equity method derive from join arrangements.

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

These joint arrangements are structured as separate vehicles and the Prosegur Cash Group has a participation in its net assets (49% in SIS Cash Services Private Limited and 33.33% in SBV Services Proprietary Limited). Accordingly, the Prosegur Cash Group has classified these shareholdings as Joint Arrangements. The equity method is applied in accordance with IFRS 11 (see Note 32.2).

Details of movement in investments in joint ventures accounted for under the equity method is as follows:

Thousands of euros	31/12/2017	31/12/2016
Share of joint ventures	29,277	28,955
	29,277	**28,955**

Thousands of euros	31/12/2017	31/12/2016
Balance as of January 1	**28,955**	**13,054**
Acquisitions	-	18,331
Share of profit/loss	(1,446)	(4,529)
Transfers	-	611
Translation differences	1,768	1,488
Balance as of December 31	**29,277**	**28,955**

The recognitions in 2016 mainly corresponded to the Prosegur Cash Group's subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited (hereinafter "SBV"). SBV operates in the securities logistics and cash management sector and has a nationwide presence in South Africa. The cost of this operation totals RAND 320,000 thousand (EUR 18,331 thousand) and was completed on 25 February 2016. This company was subsequently included in the Prosegur Cash Group.

The contract whereby the Prosegur Cash Group subscribed the shares in SBV is of a hybrid nature, since it includes an embedded derivative. The Prosegur Cash Group holds an option to sell its entire shareholding in SBV at any time from February 2019 through to February 2021, with the sole condition that, once exercised, the Prosegur Cash Group's total shareholding does not exceed 50% of the company's share capital. If the Prosegur Cash Group exercises the option, SBV itself will be obliged to repurchase the shares subscribed by the Prosegur Cash Group on 25 February 2016 and, where applicable, the shareholder selling the shares will be obliged to repurchase any shares that it may have subsequently transferred to the Prosegur Cash Group. If SBV is not in a position to purchase the shares subscribed by the Prosegur Cash Group, the other shareholders will be obliged to do so. The sale price will be the same as the price paid for the shares at the time of their purchase, plus market interest.

As this implicit derivative cannot be assessed separately and its fair value cannot be reliably determined (either at the time of purchase or subsequently, due mainly to the fact that the option has underlying shares in the purchasing company itself, which is not listed), the hybrid financial instrument shall not be separated and shall be classified jointly as investment recognised applying the equity method.

In addition, the signed agreements to subscribe the shares in SBV also include an opposite right: a call option granted to SBV if certain circumstances are met. Should the Prosegur Cash Group seriously breach its obligations under the intellectual property rights and technology licence agreement signed between the parties (and then fails to cure that breach), SBV will be entitled, from February 2016 until February 2019, to demand that the Prosegur Cash Group transfer all of its shareholding to SBV itself or, as the case may be, to the shareholder who sold the shares to the Prosegur Cash Group. The purchase price will be the same as for the put option described previously: the price paid for the shares at the time of their purchase, plus market interest increased by a certain margin.

Details of joint ventures accounted for under the equity method are as follows:

Thousands of euros	31/12/2017	31/12/2016
SIS Cash Services Private Limited	5,597	6,849
SIS Prosegur Holdings Private Limited	4,475	5,359
SBV Services Proprietary Limited	19,152	16,682
Others	53	65
Balance as of December 31	**29,277**	**28,955**

All the companies belong to the AOA segment.

The detail of the main amounts of investments accounted for by applying the equity method is included in Appendix III.

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

15. Disposal group held for sale and discontinued operation

Net assets relating to the Security business

As of 31 December 2016, the Prosegur Cash Group operated a Cash and Security business in Brazil through a single local company, namely Prosegur Brasil, S.A. Transportadora de Valores e Segurança ("Prosegur Brasil").

At 31 December 2016, Prosegur Cash signed the agreement to sell the Brazilian Security business to the Prosegur Group.

On 31 December 2017, almost all of the Brazilian Security business was sold to the Prosegur Group (with the exception of four of its 27 regions), for a total amount of BRL 72,823 thousand (at the time of payment, equivalent to: EUR 18,331 thousand). The sale resulted in revenue of BRL 15,725 thousand for Prosegur Cash (countervalue: EUR 3,958 thousand), including financial revenue from the exchange rate. This sale was preceded by the demerger of the two businesses in Prosegur Brazil. The sale price was set in the corresponding contract based on the report by an independent expert in December 2016 in euros.

The measurement was based on discounted cash flows (level 3 fair value). The measurement model considered the present value of future cash flows, discounted at a company discount rate, adjusted to the business risk, which included the rate of return demanded by shareholders and debt lenders after taxes. The expected flows were determined considering the income forecast and the EBITDA, based on the budget approved by management. The statistically-significant unobservable variables used correlated with the annual revenue growth forecast, according to Company expectations, long-term growth in line with long-term inflation predictions in Brazil (4.5%) and the EBITDA forecast [2016-2019: from (0.3%) to (2.6%) and the discount rate adjusted to the risk (from 13.75% to 14.25%).

Assets and liabilities classified as held for sale as of December 2017 were fully associated with the four regions mentioned, whose sale is expected to be completed in the first half of 2018, and it has not been possible to materialize the sale in 2017 due to not having completed the necessary procedures.

In accordance with the terms of the Brazilian Security business sale agreement, signed on 31 December 2016, the Prosegur Group has reimbursed Prosegur Cash the cash used by said business during the 2017 fiscal year plus 1% of the interest associated with said amount. Said reimbursement has entailed revenue recorded under the heading of discontinued operations.

Investment property in Argentina

As of 31 December 2016, the net book value of investment property in Argentina amounted to EUR 65,778 thousand.

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 consolidated income statement of EUR 300 thousand (Note 6).

On 23 February 2017, Prosegur Cash sold the investment properties it owned to the Prosegur Group in a deal worth EUR 67,380 thousand, generating total net loss of EUR 1,089 thousand (see Note 6).

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 EUR 1,249 thousand (EUR 6,130 thousand at 31 December 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

As of 31 December 2017 and 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 include the following assets and liabilities:

Thousands of euros	31/12/2017	31/12/2016
Non-current assets held for sale		
Property, plant and equipment	1,142	5,652
Investment property	-	65,778
Goodwill	7,142	17,912
Other intangible assets	4,968	23,874
Deferred tax assets	400	18,326
Inventory	285	586
Accounts receivable	13,214	111,617
Current financial assets	18,331	-
Cash and cash equivalents	99	22,823
	45,581	**266,568**

Thousands of euros	31/12/2017	31/12/2016
Liabilities directly associated with non-current assets held for sale		
Non-current financial liabilities	-	20
Deferred tax liabilities	3,521	5,039
Long-term provisions	8,721	54,729
Short-term financial liabilities (Note 28)	3,267	5,481
Trade and other payables	11,117	119,419
Other current liabilities	169	-
	26,795	**184,688**

Changes in the balance sheet between 2016 and 2017 are from the 2017 sale of Security Brazil and real estate investments. The balances classified as assets and liabilities held for sale as of 31 December 2017 are associated with the four Brazilian Security regions whose sale is pending completion.

Under the Current financial assets heading, the account receivable with the Prosegur Group is recorded for the sale of Seguridad Brasil (Note 28 and 31).

Earnings after tax from discontinued operations:

Thousands of euros	31/12/2017	31/12/2016
Revenue	338,598	417,228
Costs to sell	(323,844)	(324,600)
Gross profit	**14,754**	**92,628**
Other income	10,204	1,342
Sale and administrative expenses	(46,679)	(86,594)
Other expenses	1,292	(26,896)
Profit or loss from the disposal of assets held for sale	2,229	2,549
Operating profit/loss (EBIT)	**(18,200)**	**(16,971)**
Finance income	27,730	465
Finance expenses	(9,379)	(5,021)
Financial expenses from exchange rate differences	(8,808)	(33,446)
Net financial expenses	**9,543**	**(38,002)**
Pre-tax profit or loss from discontinued activities	**(8,657)**	**(54,973)**
Income tax	9,146	7,697
Earnings after tax from discontinued operations	**489**	**(47,276)**
Attributable to:		
Owners of the parent	491	(47,914)
Non-controlling interests	(2)	638

The result of discontinued operations for the period ending 31 December 2017 is comprised entirely of the profit/loss of Seguridad Brasil, as with 2016. Revenue consists mainly of the income resulting from Prosegur Cash's reimbursement of the cash used by Seguridad Brasil. The financial expenses mainly include the conversion differences from the sale of Seguridad Brasil and the monetary restatements for employment reasons opened in 2017 (Note 21).

Cash flows from/(used in) discontinued operations:

Thousands of euros	31/12/2017	31/12/2016
Net cash from operating activities	(54,784)	(1,338)
Net cash from investing activities	348	(44,844)
Net cash from financing activities	26,373	(433)
Net cash generated in the period	**(28,063)**	**(46,615)**
Effect of exchange differences	2,001	(501)
Cash from changes to the perimeter	3,336	30,066
Net increase / (decrease) of cash and other liquid resources	**(22,726)**	**(17,050)**

16. Inventory

Details of inventories are as follows:

	Thousands of euros	
	31/12/2017	31/12/2016
Fuel and others	3,876	3,620
Operating materials	1,990	2,278
Uniforms	381	415
Stock impairment	(132)	(137)
Other	-	1,281
	6,115	**7,457**

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

17. Non-current financial assets

Non-current financial assets as of 31 December 2017 mainly include the granting of a loan for EUR 2,565 thousand (Note 28) from the Prosegur Cash Group to the Indian company SIS Cash Services Private, Ltd, consolidated using the equity method, and the deposits and bonds that the Group has for EUR 1,645 thousand.

As of 31 December 2016, non-current financial assets mainly included deposits and bonds for EUR 1,385 thousand.

18. Trade and other receivables

Details are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Trade receivables for sales and services	293,650	302,095
Less: Impairment losses on trade receivables	(7,430)	(6,830)
Trade receivables - net	286,220	295,265
Public authorities	28,486	19,101
Employee salary advances	4,801	5,900
Court bonds	20,894	29,327
Prepayments	16,397	30,404
Other receivables	26,847	46,779
	383,645	**426,776**

Credit risk from trade receivables is not concentrated to a single client or country because the Prosegur Cash Group works with a large number of customers distributed among the different countries in which it operates (Note 29).

There were no factoring contracts on 31 December 2017 or on 31 December 2016.

Court bonds are mainly deposits associated with the provision for labour proceedings in Brazil (Note 21).

Details of past-due trade receivables, net of the corresponding impairment, are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
0 to 3 months	75,649	63,168
3 to 6 months	3,441	5,837
More than 6 months	5,399	4,153
	84,489	**73,158**

The carrying value of past-due trade receivables is close to fair value, given the non-significant effect of the discount.

There is no reasonable doubt regarding payment of past-due trade receivables, net of the corresponding impairment.

Movement in impairment of receivables is as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Balance as of January 1	**(6,830)**	**(12,659)**
Provision for impairment of value	(1,614)	(1,384)
Applications and other	190	-
Transfer to non-current assets held for sale	-	7,016
Translation differences	824	197
Balance as of December 31	**(7,430)**	**(6,830)**

As a general rule, impaired receivables are derecognised when no further amount is expected to be received.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables categories mentioned above. The Prosegur Cash Group has taken out a credit insurance to insure and minimise the risk of insolvency risks. This insurance is applicable to customers in Spain and provides risk coverage for new operations and/or extensions to current services.

The procedures followed by the Prosegur Cash Group in relation to credit risk and currency risk on trade receivables are described in Note 29.1.

19. Cash and cash equivalents

Details are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Cash and banks	251,384	181,568
Current bank deposits	66,393	7,212
	317,777	**188,780**

The effective interest rate on short-term deposits in credit institutions for 2017 was 6.48% (2016: 9.83%) and the average term of deposits held in 2017 was 36 days (in 2016: 17 days).

20. Equity

The composition and changes in equity are presented in the consolidated statement of changes in equity.

a) Share capital, issue premium and own shares

Details of balance and movement is as follows:

	Number of shares (thousands)	Share capital	Share premium	Treasury stock	Total
Balance as of 1 January 2016	**-**	**-**	**-**	**-**	**-**
Capital increase 22/02/2016 (Note 20)	3,000	3	-	-	3
Capital increase 06/05/2016 (Note 20)	1	-	176,641	-	176,641
Capital increase 26/07/2016 (Note 20)	29,996,999	29,997	733,907	-	763,904
Split capital social 1/10	300,000,000	-	-	-	-
Split capital social 1/5	1,500,000,000	-	-	-	-
Share premium payment 30/12/2016 (Note 20)	-	-	(910,548)	-	(910,548)
Balance as of 31 December 2016	**1,500,000,000**	**30,000**	**-**	**-**	**30,000**
Acquisition of own shares	-	-	-	(2,127)	(2,127)
Balance as of 31 December 2017	**1,500,000,000**	**30,000**	**-**	**(2,127)**	**27,873**

Share capital

As of 31 December 2017, the capital stock of Prosegur Cash, S.A. amount to EUR 30,000 thousand represented by 1,500 million of shares of EUR 0.02 nominal value each, fully subscribed and paid, which are fully admitted to trading on the Madrid, Bilbao, Valencia and Barcelona Stock Exchanges and they are traded on the Spanish Stock Market Interconnection System (Continuous Market) (SIBE).

The breakdown of the Company's shareholders is as follows:

Shareholders	Number of shares 31/12/2017	2017
Mrs Helena Revoredo Delvecchio (1)	1,087,503,830	72.50%
OppenheimerFunds, Inc. (2)	104,716,932	6.98%
FMR LLC (3)	101,395,884	6.76%
Fidelity Investment Trust (4)	57,086,790	3.81%
Other	149,296,564	9.95%
	1,500,000,000	100.00%

Own shares

On 8 May 2017, the Company entered into a liquidity contract according to the valid regulations at that time. Prior to the signing of this contract, the company did not have treasury shares. The preliminary operating process of the liquidity contract to establish the treasury stock ended on 8 June, once a treasury stock of 1,000,000 shares was reached. The liquidity contract operation began on 9 June 2017 and ended on 10 July, the date on which said liquidity contract was terminated. On 7 July 2017, with effect from 11 July 2017, the Company entered into a new liquidity agreement in accordance with the new regulations in force, giving new operations to the liquidity under the scope of the contract.

At the close of 2017, the treasury stock of Prosegur Cash, S.A. comprised 787,474 shares, of which 295,789 were linked to the liquidity contract.

Details of movements in own shares during the year are as follows:

	Number of shares	Thousands of euros
Balance as of 31 December 2016		
Previous acquisition period	1,000,000	2,337
Purchase of own shares	3,148,896	8,088
Sale of own shares	(3,361,422)	(8,298)
Balance as of 31 December 2017	**787,474**	**2,127**

b) Retained earnings and other reserves

The main movements presented under "Other movements" item in the consolidated statement of changes in equity for 2017 are as follows:

Thousands of euros	Legal reserve	Other restricted reserves	Other retained earnings	Total
Balance as of 31 December 2016	**-**	**-**	**540,535**	**540,535**
Total comprehensive income for the year	-	-	304,099	304,099
Dividends (Note 9)	-	-	(107,400)	(107,400)
Distribution of Profit	518	-	(518)	-
Other movements	-	-	337	337
Balance as of 31 December 2017	**518**	**-**	**737,053**	**737,571**

The main movements for 2016 were as follows:

- Distribution of reserves amounting to EUR 46,781 thousand in the following companies: Transportadora de Caudales Juncadella, S.A. (Argentina) and Singpai Pte Ltd (Singapore).

- Subsequent acquisition of companies from the consolidation perimeter as of 1 January 2015, amounting to EUR 10,733 thousand: Pitco Reinsurance, S.A. (Luxembourg), Compañía Transportadora de Valores Prosegur de Colombia, S.A. (Colombia), TC Interplata, S.A. (Argentina), Transportadora de Caudales Juncadella, S.A. (Argentina), Singpai Pte Ltd (Singapore), Prosegur Seguridad Privada Logistica y Gestión de Efectivo, S.A. de CV (Mexico) and Prosegur Servicios de Seguridad Privada Electrónica, S.A. de CV (Mexico).
- Positive effect of the disposal of the net assets linked to Businesses other than cash for EUR 2,845 thousand (see Note 15) and the recycling of the conversion difference for EUR 35,607 thousand.

In addition, the current subsidiaries of Prosegur Cash distributed dividends outside their perimeter before being contributed to Prosegur Cash for EUR 48,719 thousand in 2016.

Within the retained earnings there are reserves of EUR 433 thousand, corresponding to the results generated by the subsidiaries prior to the contribution to Prosegur Cash, and that therefore can not be distributed as dividends.

The proposal to distribute the parent company's 2017 profit or loss, determined in accordance with commercial regulations and the criteria for preparing the individual financial statements that are in force, under the terms of the interim dividend approved by the Company's Board of Directors and that will be submitted to the Annual General Meeting for ratification, is shown in the following table:

Thousands of euros	31/12/2017	31/12/2016
Basis of allocation		
Profit/loss for the year	127,154	5,181
	127,154	**5,181**
Distribution		
Legal reserve	5,482	518
Other reserves	14,272	-
Dividends	107,400	4,663
	127,154	**5,181**

c) Cumulative translation differences

The conversion reserves cover all the differences from currency exchange derived from the conversion of the financial statements of foreign operations.

Details of the balances of these conversion differences is as follows:

Thousands of euros	2017	2016
Saldo al 1 de enero	**(385,073)**	**(438,410)**
Diferencia de conversión de estados financieros de negocios en el extranjero	(116,593)	53,337
Saldo al 31 de diciembre	**(501,666)**	**(385,073)**

The variations are mainly from the devaluations of the Argentine and Brazilian currencies.

21. Provisions

The structure of balance and details of movement are shown in the following chart:

Thousands of euros	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Other risks	Total
Balance on 1 January 2017	**58,254**	**7,416**	**2,921**	**7,462**	**64,115**	**140,168**
Provisions charged to income statement	26,090	1,831	-	351	14,811	43,083
Reversals credited to income statement	(1,266)	(636)	-	-	(1,637)	(3,539)
Applications	(29,511)	(369)	(1,399)	(579)	(7,995)	(39,853)
Financial effect of the discount	4,280	1,120	-	-	4,795	10,195
Transfers	-	-	-	-	-	-
Incorporations to the consolidation perimeter	-	-	-	-	235	235
Reversal posted to Net Equity	-	-	-	1,137	-	1,137
Translation differences	(8,075)	(1,308)	-	(612)	(8,605)	(18,600)
Balance as of 31 December 2017	**49,772**	**8,054**	**1,522**	**7,759**	**65,719**	**132,826**
Non-current	49,772	8,054	-	7,759	61,688	127,273
Current	-	-	1,522	-	4,031	5,553

a) *Labour-related risks*

Provisions for occupational risks amounting to EUR 49,772 thousand as of 31 December 2017 (2016: EUR 58,254 thousand), are calculated individually based on the estimated likelihood of success or failure of the 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 agreements 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 work-related proceedings in Brazil, which include claims brought by former and current employees of the Prosegur Cash Group. The characteristics of the country's labour legislation and the regulatory requirements of the activity mean that the processes are delayed and consequently a provision has been registered at 31 December 2017 amounted to EUR 36,140 thousand. As of 31 December 2017, the number of labour cases opened in Brazil stood at 2,062 (December 31, 2016: 2,574), which includes 81 cases associated with the 2005 business consolidation with Transpev.

This heading also includes a provision of EUR 6,357 thousand (31 December 2016: EUR 12,839 thousand) in relation to the business combination with Transpev. 68 cases were closed in 2017, with 81 left pending.

The provisions charged to profit and loss and the reversals credited to profit and loss are included under the other expenses heading in the cost of sales section of Note 4, and the monetary updates associated with this provision are included under the other financial expenses heading (Note 7).

b) *Legal risk*

Provisions for legal risk, which amount to EUR 8,054 thousand (31 December 2016: EUR 7,416 thousand), relate mainly to civil lawsuits, which are analysed on a case-by-case basis. It primarily includes lawsuits in Brazil. The application 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*

The provisions relate to the purchase of Brinks Deutschland GmbH in 2013, with a restructuring provision that corresponds to estimates for the payment of compensation for dismissal and other costs.

In 2017, payments were made for EUR 1,399 thousand (31 December 2016: EUR 900 thousand).

d) *Employee benefits*

The Prosegur Cash Group has benefit plans in Germany, Brazil, France and Mexico. The actuarial valuation performed by qualified actuaries on the value of the committed services was updated at the end of 2017 and 2016 (see Note 5.2).

The benefit plans in Germany and France consist of retirement awards, while the benefit plan in Mexico consists of seniority plans. In Brazil, they consist of post-retirement medical coverage, a requirement under Brazilian Act 9656.

e) *Other risks*

The provision of other risks, which amount to EUR 65,719 thousand as of 31 December 2017 (EUR 64,115 thousand as of 31 December 2016), includes different items.

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

They are mainly tax risks for Brazil and Argentina for EUR 43,721 thousand (EUR 43,631 thousand as of 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 combination 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 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.

Provisions charged to profit and loss and reversals taken to income are included under the other expenses heading in Note 4.

Comcare Australia

In 2017, there were payments for commitments associated with the Australian occupational accident insurance plan for EUR 850 thousand (EUR 1,195 thousand as of 31 December 2016). The allocation for 2017 amounted to EUR 838 thousand (EUR 832 thousand as of 31 December 2016) reaching a total provision of EUR 4,529 thousand (EUR 4,763 thousand as of 31 December 2016), of which EUR 963 thousand have a short-term maturity (EUR 1,195 thousand as of 31 December 2016).

Accrued obligations to personnel

These provisions include the accrued incentive, payable in cash, corresponding to the 2017 Plan (Note 32.19).

During the period, an allocation was made for EUR 2,331 thousand, charged to that year's profit or loss (EUR 1,790 thousand in 2016). This amount includes the accrual from the 2017 Plan.

The fair value of the incentives referenced to the share price was estimated based on the share price of Prosegur Cash S.A. at the end of the period or at the time of payment.

Lastly, part of this provision has been classified as current provisions amounting to EUR 3,068 thousand, because the first part of this commitment will mature in 2018, associated with the 2017 Plan. The amount of the non-current provision for accruals to personnel as of December 31, 2017 amounts to EUR 1,213 thousand.

22. Financial liabilities

The details and composition of the financial liabilities are as follows:

		31/12/2017			31/12/2016	
Thousands of euros	Average interest rate	Non-current	Current	Average interest rate	Non-current	Current
Obligations and tradable securities	1.38%	594,117	-	0.00%	-	-
Loans and borrowings	5.79%	80,140	36,013	1.19%	614,402	11,747
Finance lease payables	7.58%	10,041	7,843	7.17%	11,875	8,502
Credit accounts	6.88%	-	18,412	3.53%	-	43,307
Other debts	9.61%	12,626	15,262	10.28%	8,443	23,759
		696,924	**77,530**		**634,720**	**87,315**

The details and composition of financial liabilities and the corresponding terms and conditions are as follows:

			31/12/2017		31/12/2016	
Thousands of euros	Currency	Year of maturity	Non-current	Current	Non-current	Current
Debentures and other negotiable securities	Euro	2026	594,117	-	-	-
Loans and borrowings	Euro	2018-2019	-	126	612,025	142
Loans and borrowings	Brazilian Real	2018	-	18,909	-	11,574
Loans and borrowings	South African Rand	2020	19,171	-	-	-
Loans and borrowings	Australian dollar	2020	45,903	-	-	-
Loans and borrowings	Peruvian Nuevo Sol	2018-2020	8,417	12,698	-	-
Loans and borrowings	Other currencies	2018-2020	6,649	4,280	2,377	31
Finance lease payables	Euro	2018-2019	2,949	2,595	5,472	3,205
Finance lease payables	Brazilian Real	2018-2019	4,059	3,492	3,097	1,756
Finance lease payables	Other currencies	2018-2021	3,033	1,756	3,306	3,541
Credit accounts	Euro	-	-	-	-	29,299
Credit accounts	Australian dollar	2018	-	6,507	-	-
Credit accounts	Other currencies	2018	-	11,905	-	14,008
Other debts	Euro	2018-2020	5,891	3,451	253	499
Other debts	Brazilian Real	2018-2025	5,752	5,208	8,026	18,000
Other debts	Argentine Peso	2018-2023	39	128	105	106
Other debts	Other currencies	2018-2019	944	6,475	59	5,154
			696,924	**77,530**	**634,720**	**87,315**

As of 31 December 2017, the total drawdown amount from credit facilities in current accounts amounted to EUR 18,412 thousand (2016: EUR 43,307 thousand). Details of undrawn credit facilities are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Maturing in less than 1 year	176,917	88,573
Maturing in more than 1 year	315,000	15,000
	491,917	**103,573**

Credit facilities are subject to various interest rate reviews in 2018.

Debentures and other negotiable securities

On 4 December 2017, Prosegur Cash S.A. issued issued bonds with a nominal value of EUR 600,000 thousand, maturing on 4 February 2026. This issue was carried out in the Euromarket under the fixed-income securities issuance programme (Euro Medium Term Note Programme). This issue enables the deferral of maturities of part of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue an annual coupon of 1.38%, payable yearly in arrears.

Syndicated credit facility (Spain)

On 10 February 2017, Prosegur Cash, S.A. arranged a syndicated financing transaction in the form of credit for EUR 300,000 thousand over a period of five years to provide the company with long-term liquidity. As of 31 December 2017, none of the balance had been drawn down on this loan.

The interest rate for the drawdowns on the syndicated financial transaction is the Euribor plus an adjustable margin based on the Company's credit rating.

This financing also has the guarantees granted by the following subsidiaries of Prosegur Cash, S.A.: Prosegur Brasil, S.A. Transportadora de Valores e Segurança (Brazil), Transportadora de Caudales Juncadella, S.A. (Argentina) and Compañía de Seguridad Prosegur, S.A. (Peru). This contract includes the following mandatory financial ratios:

- Net Financial Debt / EBITDA ration, which must be under 3.5.
- The EBITDA/finance cost ratio must be greater than 5.

Syndicated loan (Spain)

In December 2016, Prosegur Cash, S.A. contracted a three year syndicated financing transaction for EUR 600,000 thousand.

On 20 November 2017 and 20 December 2017, an early payment was made of EUR 100,000 thousand and EUR 500,000 thousand respectively, were made on this syndicated operation and therefore, there was no outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600,000 thousand).

Syndicated loan (Australia)

On 28 April 2017, through its subsidiary Prosegur Australia Investments Pty, Prosegur Cash arranged a three-year syndicated financing facility of AUD 70,000 thousand. As of 31 December 2017, the amount drawn down on the loan totalled AUD 70,000 thousand (countervalue at the close of 31 December 2017: EUR 45,614 thousand).

Loans and borrowings (South Africa)

On 29 January 2016, the Prosegur Group took out a 4 year loan in rands with bullet repayments (Note 28). This loan was granted to Prosegur Cash on 6 July 2017 for RAND 272,000 thousand (countervalue as of 31 December 2017: EUR 18,372 thousand). 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.

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Less than 1 year	8,393	9,635
Between 1 to 5 years	11,281	12,403
Over 5 years	-	302
Interests	(1,790)	(1,963)
	17,884	**20,377**

The main assets subject to financial leasing contracts are armoured vehicles and machinery for cash management (Note 11).

Other debts

Other debts mainly relate to amounts payable in connection with business combinations carried out in this and previous years (Note 27). Details of other debts are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Non-current		
Contingent and deferred payments for acquisitions	6,898	776
Other	5,728	7,667
	12,626	**8,443**
Current		
Contingent and deferred payments for acquisitions	14,644	23,219
Other	618	540
	15,262	**23,759**

The deferred and contingent payments relating for acquisitions are as follows:

		31/12/2017		31/12/2016	
Thousands of euros	**Currency**	**Non-current**	**Current**	**Non-current**	**Current**
Fiel Vigilancia e Transp. Values	Brazilian Real	-	650	-	683
Transvig-Transporte de Valores e Vigilancia LTDA	Brazilian Real	166	333	769	384
Nordeste and Transbank Group	Brazilian Real	-	3,911	-	16,934
TC Interplata S.A.	Argentine Peso	7	124	7	100
MIV Gestión S.A.	Euro	-	-	-	323
Grupo Contesta	Euro	5,834	3,219	-	-
Other Prosegur Cash business combinations	Miscellaneous	891	1,846	-	-
Asset Purchase from Toll Transport Pty Ltd	Australian Dollar	-	4,561	-	4,795
		6,898	**14,644**	**776**	**23,219**

Bailment

The Prosegur Cash Group in Australia has gratuitous access to the facilities to supply cash in the cashpoints belonging to the Prosegur Cash Group. In these facilities, the cash is owned by the provider of the commodate, which has contracts directly with the Prosegur Cash Group. The Prosegur Cash Group has access to this money for the sole purpose of filling cashpoints, which are governed by this contract. The settlement of the corresponding cash assets and liabilities is carried out via regulated clearing systems, such as the right of offset. As a result of the foregoing, no assets and liabilities are shown in the consolidated annual accounts for this item. The operating amount as of 31 December 2017 was AUD 47,700 thousand (equivalent to EUR 31,080 thousand) (as of 31 December 2016, it was AUD 67,600 thousand, equivalent to EUR 46,650 thousand).

Changes in liabilities deriving from financing activities

The reconciliation of the balances classified as financial liabilities with the cash flows for financing activities in the Statement of the Cash Flow is as follows:

Thousands of euros	Debentures and other negotiable securities	Loans and borrowings	Finance lease payables	Debts with credit institutions	Other debts	Total
Net book value as of 1 January 2017	**-**	**626,149**	**20,377**	**43,307**	**32,202**	**722,035**
Financing received	594,117	111,911	3,466	7,644	(1,033)	**716,105**
Refunds	-	(612,041)	(5,191)	(31,402)	(17,145)	**(665,779)**
Financing cash flow	594,117	(500,130)	(1,725)	(23,758)	(18,178)	**50,326**
Business acquisition	-	-	1,689	-	16,301	**17,990**
Translation differences	-	(9,866)	(2,457)	(1,137)	(2,437)	**(15,897)**
Balance as of 31 December 2017	**594,117**	**116,153**	**17,884**	**18,412**	**27,888**	**774,454**

23. Trade and other payables

Details of trade and other payables are as follows:

	Thousands of euros	
	31/12/2017	**31/12/2016**
Trade payables	107,207	111,873
Accrued personnel costs	88,648	107,274
Social Security and other taxes	60,140	72,250
Other payables	58,438	43,399
	314,433	**334,796**

Accrued personnel costs

The remuneration policy for indirect Prosegur staff includes a variable element that is specified in incentive programmes designed for this purpose, which are aimed at recognising and rewarding the people who make up Prosegur Cash for their contribution to our success by reaching or surpassing targets and developing the skills necessary to achieve excellence in their duties and responsibilities. The incentive programme is based on the direct link between a variable remuneration and reaching the targets in advance by the Prosegur Cash Division or the person's supervisor.

Accrued personnel costs include EUR 16,367 thousand relating to the incentive programme (in 2016: EUR 18,118 thousand). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 24,514 thousand (in 2016: EUR 24,928 thousand).

This item also includes other liabilities relating to salaries payable and accrued extra salary payments.

Information on the average supplier payment period. Second final provision of Law 31/2014, of 3 December

The information on the late of payments made to suppliers by the Spanish consolidated companies is as follows:

	31/12/2017	**31/12/2016**
	Days	**Days**
Average supplier payment period	64	69
Ratio of paid operations	66	68
Ratio of operations pending payment	49	78
	Thousands of euros	**Thousands of euros**
Total payments made	43,071	32,035
Total payments pending	5,361	2,943

In accordance with the ICAC Resolution, commercial operations corresponding to the delivery of goods or services accrued from the effective date of Law 31/2014, of 3 December, i.e. 24 December 2014, were considered when calculating the average supply payment period. The information in these consolidated accounts on payments to suppliers pertains exclusively to fully consolidated companies located in Spain.

For the exclusive purpose of providing the information set out in this Resolution, suppliers are considered to be trade payables for debts with suppliers of goods or services, included under trade and other payables in current liabilities on the consolidated balance sheet.

"Average supplier payment period" means the period from delivery of the goods or provision of the service by the supplier through to effective payment of the transaction.

Pursuant to Law 11/2013, of 26 July, the maximum legal payment period applicable to consolidated companies in 2017 is 30 days (unless the terms stipulated therein are fulfilled, which would allow this term to be increased to 60 days).

24. Taxation

Cash consolidated within the Prosegur Group in Spain. The Consolidated Fiscal Group includes Prosegur Compañía de Seguridad, S.A. as the parent company, and the subsidiaries are the Spanish companies that meet the requirements of the regulations that regulate the special regime of fiscal consolidation.

Additionally, the Prosegur Cash Group pays tax for companies under fiscal consolidation in the following countries: France, Luxembourg, Portugal and Australia.

- In France, the tax consolidation group (*Intégration Fiscale*) consists of six companies that are taxed in accordance with French legislation: Prosegur Cash Holding France S.A.S. (parent company), Prosegur Traitement de Valeurs Azur, SA, Prosegur Logistique de Valeurs Azur, S.A., Prosegur Traitement de Valeurs Provence, SAS, Prosegur Traitement de Valeurs, SASU and Prosegur Traitement de Valeurs EST, S.A.S.

- In Luxembourg, Prosegur has a new fiscal consolidation group composed of Luxpai CIT SARL and Pitco Reinsurance S.

- In Portugal, Prosegur Logistica e Tratamento de Valores Portugal, S.A. is a member of a fiscal consolidation group with the other Prosegur subsidiaries.

- In Australia, the fiscal consolidation group consists of five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia Pty Limited, Prosegur Technology Pty Limited and Prosegur Assets Management, Pty Ltd.

The other dependent entities present their tax returns according to the applicable tax regulations in each country.

Details of income tax expense, for current tax and deferred tax, are as follows:

Thousands of euros	**31/12/2017**	**31/12/2016**
Current tax	135,719	147,679
Deferred tax	4,247	2,234
	139,966	**149,913**

The main items making up the current tax expense are as follows:

Thousands of euros	**31/12/2017**	**31/12/2016**
From year	128,915	146,341
Loss without recognised deferred tax	598	1,906
Adjustments from previous years	6,206	(568)
	135,719	**147,679**

The main items comprising the deferred tax expense/income are as follows:

Thousands of euros	31/12/2017	31/12/2016
Tax losses	(6,072)	368
Provisions	5,006	9,384
Amortisation intangible assets	(3,681)	(13,066)
Dferral of trademark income (Note 6)	9,010	-
Other	(16)	5,548
	4,247	**2,234**

Deferred taxes relating to goodwill for tax purposes, included under amortisation of intangible assets, derive from local mergers in Brazil that took place in previous years. Brazilian tax legislation allows for accelerated amortisation.

The calculation of the income tax expense, based on pre-tax profit for the year, is as follows:

Thousands of euros	31/12/2017	31/12/2016
Profit before income tax	**444,327**	**376,155**
Tax rate	25%	25%
Result of applying tax rate to profit	111,082	94,039
Permanent differences	(3,303)	30,074
Effect of applying different tax rates	29,281	24,919
Adjustment of deferred taxes from previous years	(824)	(416)
Adjustment to taxes from previous years	6,208	(568)
Loss without deferred tax	597	1,906
Previously unrecognised deductions applied	(3,075)	(41)
Income tax expense	**139,966**	**149,913**

The effective tax rate stood at 31.50% in 2017, compared to 39.85% for the same period of 2016, representing a decrease of approximately 8.35 percentage points. Excluding the extraordinary effects not allocated in both years, the rate would have been 34.3% for 2017 compared to 36.3% for the same period of 2016, (Note 10).

In 2016 and 2017, Prosegur, in accordance with the definition of its strategic plan, executed an organisational and corporate restructuring process of the Group aimed at transforming the management model by country into a business model (in line with the best practices in the sector), separating Cash, Security and Alarm divisions. The organisational and corporate restructuring process of the Cash division of the Prosegur Group, including its listing on the stock market, was legally executed in 2016 and 2017.

In this regard, Prosegur guarantees the Prosegur Cash Group that the reorganisation of the Prosegur Cash Group was carried out in compliance with regulations (in particular, the commercial, administrative, labour and tax nature) applicable in each jurisdiction. By virtue, the Prosegur Group undertakes to hold the Prosegur Cash Group fully harmless and compensate it for the real and effective equity damages and losses that may be suffered by the Prosegur Cash Group or any of the current subsidiaries of the Prosegur Cash Group as a direct result of a breach of the reorganisation guarantee.

The tax rates of the countries where the Prosegur Cash Group operates are the following:

Tax rate	**2017**	**2016**
Germany	30.5%	30.5%
Argentina	35.0%	35.0%
Australia	30.0%	30.0%
Brazil	34.0%	34.0%
Chile	25.5%	24.0%
China	25.0%	25.0%
Colombia	34.0%	35.0%
Spain	25.0%	25.0%
USA	34.0%	30.0%
France	33.3%	33.3%
Hong Kong	16.5%	16.5%
India	28.0%	38.0%
Luxembourg	27.1%	29.2%
Mexico	30.0%	30.0%
Paraguay	10.0%	10.0%
Peru	29.5%	28.0%
Portugal	22.5%	22.5%
Singapur	17.0%	17.0%
Southafrica	28.0%	28.0%
Uruguay	25.0%	25.0%

Likewise, the tax rates for the coming years were modified in certain local legislation in 2017. As such, the tax rates for the coming years will be as follows:

	Tax rate		
Tax rates that start as of	**Argentina**	**Chile**	**Luxembourg**
1 January 2018	30%	27.0%	26.0%
1 January 2019	30%	27.0%	26.0%
1 January 2020	25%	27.0%	26.0%

As a result, deferred tax assets and liabilities have been adjusted to these new tax rates.

Movement in deferred tax assets and liabilities and their structure during the year are as follows:

Deferred tax assets

Thousands of euros	**Balance as of 1 January 2016**	Transfers to non-current assets held for sale	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2016**	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2017**
Amortisation Tangible Assets	**2,112**	-	745	-	-	-	116	**2,973**	(740)	-	-	-	(130)	**2,103**
Amortisation Intangible Assets	**10,333**	(11,238)	(690)	-	-	-	5,818	**4,223**	(3,397)	-	-	-	(218)	**608**
Tax Losses	**20,704**	(4,295)	(368)	-	-	-	1,400	**17,441**	6,072	-	-	-	142	**23,655**
Provisions	**66,652**	(4,193)	(3,668)	-	95	-	6,023	**64,909**	(7,993)	280	386	-	(7,285)	**50,297**
	99,801	**(19,726)**	**(3,981)**	**-**	**95**	**-**	**13,357**	**89,546**	**(6,058)**	**280**	**386**	**-**	**(7,491)**	**76,663**

Deferred tax liabilities

Thousands of euros	**Balance as of 1 January 2016**	Transferencias a Activos no corrientes mantenidos para la venta	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2016**	Recognised in profit and loss	Business combinations	Recognised in equity	Transfer	Translation differences	**Balance as of 31 December 2017**
Amortisation Intangible Assets	**(39,802)**	(530)	13,756	(1,344)	-	-	(7,209)	**(35,129)**	7,078	-	-	-	4,352	**(23,699)**
Impairment of shareholdings	**(1,595)**	-	(894)	-	-	-	-	**(2,489)**	1,147	-	-	-	-	**(1,342)**
Trademark (Note 6)	**-**	-	-	-	-	-	-	**-**	(9,010)	-	-	-	-	**(9,010)**
By different provisions	**(20,465)**	-	(5,716)	-	-	-	(2,243)	**(28,424)**	2,987	(4,793)	-	-	(84)	**(30,314)**
Other	**(807)**	4,920	(5,400)	-	-	-	105	**(1,182)**	(391)	-	-	-	79	**(1,494)**
	(62,669)	**4,390**	**1,745**	**(1,344)**	**-**	**-**	**(9,346)**	**(67,224)**	**1,811**	**(4,793)**	**-**	**-**	**4,347**	**(65,859)**

The deferred tax balances are detailed in the consolidated balance sheet in accordance with the provisions of IAS 12 in relation to the offsetting of assets and liabilities for current taxes under certain conditions, which are fulfilled in Spain, France, Portugal and Australia. The deferred tax assets and liabilities structure does not include the offsetting.

The total amount of current and deferred income tax in relation to items credited or debited directly to other comprehensive income during the year is as follows:

	Thousands of euros	
Thousands of euros	**31/12/2017**	**31/12/2016**
Equity profit and loss	386	95
	386	**95**

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

	Thousands of euros	
	2017	**2016**
Deferred tax assets	64,258	76,845
Deferred tax liabilities	(60,177)	(60,162)
	4,081	**16,683**

In accordance with current Spanish tax legislation, in 2017, the tax loss carryforwards of the Prosegur Cash companies may be offset by positive income from subsequent tax periods up to 25% of the tax base.

Details of deferred tax assets and liabilities by country in thousands of euros are as follows:

	31/12/2017		**31/12/2016**	
Thousands of euros	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Brazil	38,146	(26,074)	58,283	(36,042)
Argentina	1,462	(1,027)	1,773	(1,392)
France	3,082	(1,862)	1,645	(2,134)
Other	33,973	(36,896)	27,845	(27,656)
Total	**76,663**	**(65,859)**	**89,546**	**(67,224)**

Prosegur Cash does not have any non-activated deductions pending application.

Deferred tax assets in respect of tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset. For this purpose, Prosegur Cash Group performs projections of future cash flows based on financial budgets approved by the Management.

Details of tax loss carryforwards and the deadline for their offset as of 31 December 2017 are as follows:

	Thousands of euros		
Year	**Total**	**Capitalised**	**Not capitalised**
2018	1,286	-	1,286
Subsequent years or no time limit	115,805	76,769	39,036
	117,091	**76,769**	**40,322**

Details of capitalised and uncapitalised tax loss carryforwards as of 31 December 2017 are as follows:

	Thousands of euros	
	Capitalised	**Not capitalised**
Germany	57,007	93
France	6,426	8,186
Brazil	7,069	-
Chile	6,157	535
Colombia	54	8,245
Mexico	56	14,705
Singapore	-	2,918
India	-	7
Uruguay	-	5,540
Holland	-	93
Total	**76,769**	**40,322**

The breakdown by country of the negative tax bases and their statute of limitations as of 31 December 2017 is as follows:

	Thousands of euros		
	Total amount	**2018**	**Subsequent years or no time limit**
Germany	57,100	-	57,100
France	14,612	-	14,612
Brazil	7,069	-	7,069
Chile	6,692	-	6,692
Mexico	14,761	927	13,834
India	7	-	7
Singapore	2,918	-	2,918
Holland	93	-	93
Uruguay	5,540	358	5,182
Colombia	8,299	-	8,299
Total	**117,091**	**1,285**	**115,806**

Of the EUR 117,091 thousand capitalised and not capitalised by the Company, with a period of prescription after 2017, there is no offset time limit for EUR 88,491 thousand and there is for the remaining EUR 28,600 thousand.

Deferred tax assets are recognised provided that it is probable that sufficient future income will be generated against which the temporary differences can be offset. To this end, the Prosegur Cash Group makes projections of future cash flows based on financial budgets approved by the Management.

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.

In 2017, the following corporate restructuring operations were carried out under the tax neutrality regime:

- In Argentina, the takeover merger of Transportadora de Caudales Interplata S.A. by Transportadora de Caudales Juncadella, S.A. effective from 1 January 2017.
- In Peru, the takeover merger of Servicios de Efectivo de Perú, S.A. by Security Company Prosegur, S.A. effective from 31 October 2017.
- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança to a newly incorporated company called Segurpro Patrimonial Surveillance S.A. effective from 31 December 2017.

In addition, tax credits from Security to Cash have been transferred in the amount of BRL 9,886 thousand (equivalent to December 31: EUR 2,488 thousand) in exchange for payment of Cash tax debts in the Federal Tax Regularization program opened by the Brazilian Administration during the year (Note 28).

25. Contingencies

Guarantees

The Prosegur Cash Group has contingent liabilities for bank guarantees and other guarantees related to the normal course of business for which no significant liabilities are expected to arise.

The guarantees granted by the Prosegur Cash Group to third parties are the following:

Thousands of euros	**31/12/2017**	**31/12/2016**
Commercial guarantees	99,256	41,515
Financial guarantees	149,916	104,461
	249,172	**145,976**

Commercial guarantees include those given to customers.

The financial guarantees mainly include guarantees for civil and labour litigation in progress amounting to EUR 122,204 thousand (EUR 38,522 thousand as of 31 December 2016). Civil and labour litigation in Brazil amount to EUR 121,128 thousand as of 31 December 2017 (EUR 38,482 thousand as of 31 December 2016) (see Note 21).

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 law of the European Union. On 10 November 2016, the Competition Court of the CNMC imposed a fine of EUR 39,420 thousand on Prosegur and its subsidiary.

On 13 January 2017, Prosegur filed a notice of contentious-administrative appeal before the Spanish High Court against the ruling of the CNMC, seeking the temporary suspension of payment of the fine imposed.

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

The Spanish High Court did, however, accept Prosegur's request for the temporary measure on 31 March 2017 and therefore suspended the enforceability of the CNMC's ruling as to the payment of the fine, provided that Prosegur post a surety or other guarantee covering the amount of the fine within a maximum of two months. On 9 June 2017, Prosegur delivered a guarantee for the sum of EUR 39,420 thousand to the Spanish High Court.

The ruling to be handed down by the Spanish High Court regarding the decision reached by the CNMC may give rise to additional liabilities once that judgment is delivered. In any event, on the basis of the opinion of legal experts, the Company's directors do not believe that the liabilities that could arise would have a significant impact on the consolidated annual accounts. Prosegur will keep Prosegur Cash and its subsidiary affected from the potential negative economic effects of this process.

26. Commitments

Purchase commitments for fixed assets

Investments committed but not made at year end are as follows:

Thousands of euros	31/12/2017	31/12/2016
Property, plant and	14,206	11,283
Other intangible assets	280	168
	14,486	**11,451**

As of 31 December 2017, the commitments correspond mainly to the purchase of armoured vehicles, machinery and facilities (Note 11).

Operating lease commitments

The Prosegur Cash Group rents various premises, offices, warehouses and vehicles under non-cancellable operating lease contracts.

Total future minimum payments under non-cancellable operating leases are as follows:

On 31 December 2017	Thousands of euros		
Type	**Less than 1 year**	**Between 1 to 5 years**	**Over 5 years**
Real Estate	11,660	46,641	41,977
Vehicles	3,213	5,173	-
Other assets	151	356	203
	15,024	**52,170**	**42,180**

On 31 December 2016	Thousands of euros		
Type	**Less than 1 year**	**Between 1 to 5 years**	**Over 5 years**
Real Estate	10,970	36,793	35,968
Vehicles	1,469	1,586	-
	12,439	**38,379**	**35,968**

As of 31 December 2017, the increase in minimum future payments with respect to the previous year corresponds mainly to operating lease agreements relating to the buildings sold by the Prosegur Cash Group to the different companies of the Prosegur Group during 2016, which the Prosegur Cash Group now leases to the companies of the Prosegur Group.

The cost for operating leases in the consolidated income statement for 2017 amounts to EUR 46,229 thousand (in 2016: EUR 53,966 thousand). There are no contingent rents in relation to operating leases.

27. Business Combinations

Details of changes in goodwill are presented in Note 12.

27.1 Goodwill recognized in 2017

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

Thousands of euros	Segment to which allocated	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Cash Services Australia Pty Limited [(1)]	AOA	2,171	-	**2,171**	2,171	**-**
Grupo Contesta [(1)]	Europe	6,695	8,914	**15,609**	10,512	**5,097**
Other Prosegur Cash business combinations [(1)]	Iberoamerica	26,972	5,388	**32,360**	20,485	**11,875**
		35,838	**14,302**	**50,140**	**33,168**	**16,972**

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

Had the businesses acquired in 2017 been acquired on 1 January 2017, the ordinary revenue in the 2017 consolidated income statement would have increased by EUR 22,715 thousand, and the profit for the fiscal year would have increased by EUR 3,720 thousand.

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

Thousands of euros	Country	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Cash Services Australia Pty Limited [(1)]	Australia	2,171	(170)	**2,001**
Grupo Contesta [(1)]	Spain	6,695	(983)	**5,712**
Other Prosegur Cash business combinations [(1)]	Miscellaneus	26,972	(2,333)	**24,639**
		35,838	**(3,486)**	**32,352**

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

Cash Services Australia Pty Limited

On 17 February 2017, Prosegur Cash acquired 100% of Cash Services Australia Pty Limited in Australia, which is a security company that provides outsourcing services. The total purchase price was AUD 2,998 thousand (equivalent on the acquisition date to: EUR 2,171 thousand), consisting of a cash consideration of AUD 2,406 thousand (countervalue on the acquisition date: EUR 1,742 thousand), and a deferred contingent consideration of AUD 592 thousand (countervalue on the acquisition date: EUR 429 thousand) deferred to secure any possible liabilities, maturing in 2017.

The acquired assets were consolidated on 17 February 2017. Ordinary revenues and net losses contributed to the consolidated income statement for 2017 totalled EUR 3,844 thousand and EUR 45,000 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

(Thousands of euros)	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	170	170
Property, plant and equipment	379	379
Deferred tax assets	195	195
Trade and other receivables	1,344	1,344
Trade and other payables	(742)	(742)
Provisions for risks and expenses	(235)	(235)
Other intangible assets	-	1,504
Deferred tax liabilities	-	(451)
Current tax assets	7	7
Identifiable net assets acquired	**1,118**	**2,171**

The intangible assets acquired comprise customer relationships (EUR 1,504 thousand) with a useful life of seven years.

Grupo Contesta

On 14 September 2017, Prosegur Cash acquired 100% of the Contesta Group in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand, consisting of a cash consideration of EUR 6,695 thousand, and a deferred contingent deferred paytment of EUR 8,914 thousand, due in 2018, 2019 and 2020.

The business acquired was consolidated from 14 September 2017. Ordinary revenue and net profit contributed to the consolidated income statement for 2017 totalled EUR 5,466 thousand and EUR 252,000 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

(Thousands of euros)	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	983	983
Property, plant and equipment	1,067	1,067
Trade and other receivables	3,148	3,148
Current tax assets	13	13
Current tax liabilities	(284)	(284)
Trade and other payables	(977)	(977)
Other financial assets	46	46
Financial debt	(500)	(500)
Deferred tax liabilities	-	(2,333)
Other intangible assets	16	9,349
Identifiable net assets acquired	**3,512**	**10,512**

Goodwill has been allocated to the Europe segment and is mainly attributable to the profitability of the business and the significant synergies that are expected to be triggered after the acquisition by Prosegur Cash. The intangible assets acquired comprise customer relationships (EUR 9,333 thousand) with a useful life of 14 years.

Other Prosegur Cash business combinations

In 2017, Prosegur Cash acquired a number of assets and security companies in Iberoamerica that provide securities logistics and cash management services. The total purchase price was of EUR 32,360 thousand, consisting of a cash consideration of EUR 26,972 thousand, a deferred payment totalling in 2017, 2018 and 2019 for a total of EUR 4,045 thousand and a deferred contingent consideration for a total of EUR 1,343 thousand due in 2018 and 2019.

Ordinary revenues and net losses contributed to the consolidated income statement for 2017 were EUR 1,028 thousand and EUR 43,000 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

(Thousands of euros)	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	2,333	2,333
Property, plant and equipment	6,139	6,139
Inventory	33	33
Trade and other receivables	525	525
Current tax assets	108	108
Trade and other payables	(545)	(545)
Deferred tax assets	85	85
Deferred tax liabilities	(833)	(2,009)
Other financial assets	95	95
Financial debt	(1,189)	(1,189)
Other intangible assets	-	14,910
Identifiable net assets acquired	**6,751**	**20,485**

Goodwill has been allocated to the Iberoamerica segment and is mainly attributable to the profitability of the business and the significant synergies that are expected to be triggered after the acquisition by Prosegur Cash. Intangible assets are supported in customer relationships (EUR 14,043 thousand), with a useful life of between 7 and 19 years and in a non-competition agreement (EUR 867 thousand) with a useful life of 10 years.

27.2 Goodwill recognized in 2016 and that was not reviewed in 2017

Details of the net assets acquired and goodwill recognised on business combinations carried out in 2016 whose value has not been revised in 2017 are as follows:

	Thousands of Euros					
	Segment to which allocated	Consideration in cash	Deferred at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
MIV Gestión, S.A. (1)	Europe	698	443	**1,141**	832	**309**
Procesos Técnicos de Seguridad y Valores, S.A.S. (1)	Iberoamerica	156	-	**156**	85	**71**
Toll Transport Pty Ltd (1)	AOA	7,218	4,545	**11,763**	5,934	**5,829**
		8,072	4,988	**13,060**	6,851	**6,209**

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

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

	Country	Thousands of Euros Consideration in cash	Cash and cash equivalents acquired	**Outflow of cash on acquisition**
MIV Gestión, S.A.	Spain	698	(240)	**458**
Procesos Técnicos de Seguridad y Valores, S.A.S.	Colombia	156	(3)	**153**
Toll Transport Pty Ltd	Australia	7,218	-	**7,218**
		8,072	(243)	**7,829**

MIV Gestión, S.A.

On 8 January 2016, the Prosegur Cash Group acquired 100% of MIV Gestión, S.A. in Spain, which is a company that provides international transport services for valuable and vulnerable goods. The total purchase price was EUR 1,141 thousand, consisting of a cash consideration of EUR 698 thousand, a deferred payment due in 2016 and 2017 for a total of EUR 360 thousand and a deferred contingent consideration for a total of EUR 83 thousand.

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

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

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 result from the acquisition. The intangible assets comprise customer relationships (EUR 701 thousand) and have a useful life of five years.

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

On 29 April 2016, the Prosegur Cash Group acquired 100% of Procesos Técnicos de Seguridad y Valores, SAS in Colombia, which is a company specialised in cash management services through the processing, packaging and recycling of banknotes and coins. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to EUR 156,000 thousand).

The following assets and liabilities were generated from the acquisition:

	Thousands of Euros **Carrying amount of acquiree**	**Fair value (estimated)**
Cash and cash equivalents	3	3
Property, plant and equipment	35	35
Trade and other receivables	450	450
Current tax assets	121	121
Suppliers and other payables	(501)	(501)
Current tax liabilities	(23)	(23)
Identifiable net assets acquired	**85**	**85**

Goodwill was allocated to the Iberoamerica segment and is mainly attributable to the profitability of the business and the significant synergies that are expected to be triggered after the acquisition by Prosegur Cash.

Toll Transport Pty Ltd

On 4 November 2016, the Prosegur Cash Group acquired a number of assets in Australia from Toll Transport Pty Ltd. The total purchase price was AUD 18,115 thousand (equivalent on the purchase date to: EUR 11,763 thousand), comprising a cash payment of AUD 11,115 thousand (equivalent on the acquisition date to EUR 7,218 thousand), and a deferred amount for collateral for possible liabilities for AUD 7,000 thousand to secure possible liabilities (countervalue on the date of purchase: EUR 4,545 thousand).

Ordinary revenues and net profit contributed to the consolidated income statement for 2016 were EUR 3,272 thousand and EUR 283 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

	Thousands of Euros	
	Carrying amount of acquiree	**Fair value (estimated)**
Property, plant and equipment	3,458	3,458
Suppliers and other payables	(248)	(248)
Other intangible assets	-	3,892
Deferred taxes	-	(1,168)
Identifiable net assets acquired	**3,210**	**5,934**

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and the significant synergies expected to result from the acquisition. The intangible assets acquired comprise customer relations (EUR 3,892 thousand) and have a useful life of 13 years.

The valuation technique used to measure the fair value of the intangible assets acquired was the Multi-period excess earnings method (MEEM), a variation of the income approach usually used in the valuation of intangible assets, and which considers the current value of the net cash flows that are expected after subtracting the contributory charges from other assets that contribute to the generation of flows of the intangible asset valued. Contributory charges consist of a remuneration for the use of the assets that contribute to the generation of future cash flows and are included as an expense to then reach the flow attributable only to the asset being valued.

The significant non-observable Toll Transport Pty Ltd variables used are related to the forecast of annual revenue growth according to company expectations, long-term growth in line with inflation expectations in Australia (2.0%) and the forecast of EBITA post integration (2016-2022: from 4.3% to 12.9%).

28. Related parties

Prosegur Cash, S.A. is a subsidiary of the Spanish listed company Prosegur Security Company, S.A., which currently owns 51% of its shares, indirectly controlling another 21.5% through its wholly-owned subsidiary, Prosegur Assets Management, S.L.U. The remaining 27.5% of the shares are held by various shareholders (Note 20).

28.1 Balances with Group companies

Prosegur Cash maintains balances with companies that are part of the Prosegur Group but are not included in the consolidation perimeter of the Prosegur Cash Group:

Thousands of euros	31/12/2017	31/12/2016
Short-term investments in group companies and associates		
Credits	4,699	24,451
Other financial assets	-	2,176
Commercial debtors and other accounts receivable		
Customers	2,502	24,176
Prepaid expenses	10,902	14,627
Total current assets with Prosegur Group companies	**18,103**	**65,430**
Total assets	**18,103**	**65,430**
Financial liabilities		
Other financial liabilities	-	2,130
Loans granted by group companies		
Loans	-	134,842
Dividends to pay (Note 9)	46,719	-
Trade and other payables		
Suppliers	1,653	31,736
Total current liabilities with Prosegur Group companies	**48,372**	**168,708**
Total liabilities	**48,372**	**168,708**

Financial operations:

On 31 December 2017 and as a result of the demerger of Seguridad Brasil (Note 15), a balance receivable for Prosegur Cash with the Prosegur Group was outstanding for an amount of BRL 12,980 thousand (countervalue at the end of the year: EUR 3,267 thousand) associated with a loan granted to Seguridad Brasil and pending payment as contractually agreed for the cash used by Seguridad Brasil. The cash used by Seguridad Brasil in 2017 amounts to BRL 119,834 thousand (countervalue as of 2017: EUR 30,170 thousand).

The balances pending collection by Prosegur Cash with its subsidiaries, recognised under assets held for sale, amount to EUR 1,432 thousand. This balance arises as a consequence of the cash used by the security business in Brazil, linked to the four regions whose sale was not completed at the end of the year (Note 15).

For the sale of Seguridad Brasil, under the heading of financial assets held for sale (Note 15), Prosegur Cash has an account receivable recorded for the amount of EUR 18,331 thousand (Note 31).

In 2017, there were no loans granted between related parties other than those mentioned, except for the loan granted from Prosegur Cash to one of its subsidiaries in India, SIS Cash Services Private Ltd, which was accounted for using the equity method for the amount of EUR 2,565 thousand (Note 14 and 17).

As of 31 December 2016, Prosegur Cash had outstanding financial balances receivable from several companies of the Prosegur Group for a total amount of EUR 26,627 thousand, (including outstanding interest amounting to EUR 2,176 thousand). The average interest of these balances in 2016 was 7.2%.

At the same time, the outstanding financial liabilities of Prosegur Cash with Prosegur Group in Spain, as of 31 December 2016, amounted to EUR 136,972 thousand (including the outstanding interest of EUR 2,130 thousand). These loans accrued an average interest rate of 2.2% in 2016.

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

In 2016, the accumulated loans that Prosegur Cash granted to Prosegur Compañía de Seguridad, S.A. and to Prosegur Assets Management, S.L. amounted to EUR 399,621 thousand and EUR 383,949 thousand, respectively. These loans were fully cancelled as of 31 December 2016.

Business transactions

The commercial balances between the Prosegur Cash Group and the Prosegur Group in favour of the Prosegur Cash Group amount to EUR 13,404 thousand and EUR 38,803 thousand as of 31 December 2017 and 2016, respectively. These commercial balances mainly correspond to an advance payment for the rental of operational properties recorded in Peru for EUR 10,902 thousand for rent for the next 4 years (as of 31 December 2016: EUR 14,627 thousand). The remaining balance is associated with outstanding commercial balances not paid by the Prosegur Group to the Group (Note 28.2).

The commercial balances between the Prosegur Cash Group and the Prosegur Group in favour of the Prosegur Group amount to EUR 1,653 thousand and EUR 31,736 thousand as of 31 December 2017 and 2016, respectively. These commercial balances include the transfer prices and outstanding commercial balances not paid by Prosegur Cash to the Prosegur Group (Note 28.2). The variation from 2016 to 2017 is a result of the change in the internal payment policy, which can not exceed one month.

28.2 Transactions with Prosegur Group companies

On 29 January 2016, Prosegur arranged a four-year bullet loan denominated in rand. This loan was granted to Prosegur Cash on 6 July 2017 for RAND 272,000 thousand (countervalue as of 31 December 2017: EUR 18,372 thousand), (Note 22). 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.

In the demerger carried out in Brazil on 31 December 2017, the Brazilian security division of Group Prosegur transferred tax credits to the Cash division for an amount of BRL 89,737 thousand (countervalue on 31 December: EUR 22,593 thousand). As a counterpart to the assignment of these credits, a treasury reimbursement of BRL 86,392 thousand was made (countervalue as of 31 December: EUR 21,887 thousand). The difference between both amounts was BRL 2,805 thousand (countervalue on 31 December: EUR 706 thousand) corresponds to the application of the discount rate of 1.64% on the nominal value of said credits in the period of time during which it is estimated that said credits will be offset by the Cash division.

Tax credits were also transferred from Security to Cash for an amount of BRL 9,886 thousand (countervalue on 31 December: EUR 2,488 thousand) in exchange for the payment of Cash's tax debts in the Federal Tax Regularisation programme started by the Brazilian Administration during the year.

The Prosegur Cash Group maintains transactions with companies that are part of the Prosegur Group but are not included in the consolidation perimeter of the Prosegur Cash Group:

Thousands of euros	**31/12/2017**	**31/12/2016**
Revenue		
Service provision	90,248	61,841
Finance income	395	23,277
Total income	**90,643**	**85,118**
Expenses		
Other services	(94,285)	(86,398)
Finance expenses	(67)	(2,670)
Total expenses	**(94,352)**	**(89,068)**

The main transactions for the 2017 fiscal year of the Prosegur Cash Group, S.A. with the parent company correspond to the sale of the shares of the company Ridur 2016, S.A in the amount of EUR 48,873 thousand (see note 6), the sale of certain trademarks Prosegur brand, owned by Juncadella Prosegur International, S.A. amounting to EUR 36,038 thousand (see note 6) and expenses for use of the Prosegur brand for an amount of EUR 30,569 thousand.

The balances as of December 31, 2017 of the Prosegur Cash Group, S.A. with the Parent, they correspond mainly to the balance payable for dividends amounting to EUR 32,864 thousand (see Note 9).

The following items were recorded under the provisions for services and other services heading, both income and expenses:

Thousands of euros	31/12/2017
Income from service provision	
Rentals and Supplies	1,120
Services rendered	906
Sale of real estate investments (Note 6)	2,311
Sale of shareholdings (Note 6)	49,873
Sale of Trademark (Nota 6)	36,038
Total expenses for other services	**90,248**

Thousands of euros	31/12/2017
Expenses for other services	
Trademark (Nota 4)	(30,569)
Management Fees (Note 4)	(47,742)
Rentals and Supplies	(11,060)
Services received	(4,914)
Total expenses for other services	**(94,285)**

Financial expenses are associated with the accrual of interest for loans taken out with Prosegur in 2016 and cancelled on 21 February 2017.

Financial income consists of the financial accrual of the cash lent to Seguridad Brasil plus interest accrued on the sale price of Seguridad Brasil, fixed on 31 December 2016 (Note 15).

Rental expenses reached EUR 7,700 thousand in 2017.

During 2017, the most significant revenues from transactions with the Prosegur Group amounted to EUR 46,374 thousand and EUR 13,640 thousand for the sale of operating properties and the use of the Prosegur brand, respectively.

During 2016, the most significant expenses arising from transactions with the Prosegur Group amounted to EUR 31,063 thousand for brand use expenses.

28.3 Remuneration to members of the Board of Directors and Senior Management of the Parent Company

1. Remuneration of directors

Remuneration accrued to the members of the Board of Directors for all items were:

Thousands of euros	31/12/2017
Fixed remuneration	919
Variable remuneration	388
Remuneration for Board members	97
Daily allowances	101
	1,505

In 2016, Prosegur Cash had no Board members or chief executives holding paid 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 remuneration payments, advances or loans in this respect, and no obligations have been assumed as a guarantee on their behalf.

2. Remuneration of Senior Management

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

The remuneration accrued by Prosegur Cash's Senior Management is as follows:

Thousands of euros	31/12/2017	31/12/2016
Fixed remuneration	1,801	1,010
Variable remuneration	1,103	419
Remuneration in kind	106	115
Life insurance premiums	5	3
	3,015	**1,547**

The expenses for civil liability insurance for the Board and Senior Management amount to EUR 375 thousand and are recorded under the heading of other expenses within administration and sales expenses.

28.4 Information required by article 229 of the Spanish Capital Companies Law

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Spanish Corporate Enterprise Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the improvement of Corporate Governance, no situations have arisen during financial year 2017 in which the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Company.

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. As of 31 December 2017, the fees amounted to EUR 38,000 thousand (as of 31 December 2016, they amounted to EUR 38,000 thousand).

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.

During the financial year, the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) billed Prosegur Cash EUR 48,000 thousand for hotel services (as of 31 December 2016 it amounted to zero euros). Prosegur is controlled by Gubel, S.L. a company incorporated in Madrid, holding 50,075% of the Prosegur shares, which consolidates Prosegur Cash in its consolidated financial statements.

Mr Christian Gut Revoredo and Mr Antonio Rubio Merino hold, respectively, the positions of CEO of Prosegur and Executive Chairman of Prosegur Cash and Finance Manager of Prosegur and Proprietary Director (on behalf of Prosegur) at Prosegur Cash. Mrs Chantal Gut Revoredo is Proprietary Director at Prosegur and Prosegur Cash. The Board of Directors considers that their respective positions at Prosegur do not in any way affect their independence in the performance of their duties at Prosegur Cash.

29. Financial risk management and fair value

29.1 Financial risk factors

The Prosegur Cash Group's activities are exposed to exchange rate risk, interest rate risk, price risk, credit risk and liquidity risk. The objective of the Prosegur Cash Group's global risk management programme is focused on reducing these risks through a variety of methods, including the use of financial instruments.

The management of these risks is identified, proposed and executed by the Finance Division, together with other operating units of the Prosegur Cash Group in accordance with the guidelines issued by the Board of Directors.

Currency risk

The Prosegur Cash Group operates internationally and, therefore, is exposed to exchange rate risk due to currency transactions. The exchange rate risk arises from future business transactions, the equity invested abroad, the operating results and financial positions denominated in a currency that is not the operating currency of each of the companies of the Prosegur Cash Group.

In order to control the exchange rate that arises from these operations, it is the policy of the Prosegur Cash Group to use the instruments considered appropriate at all times in order to balance and neutralise the risks linked to the monetary flows of assets and liabilities, taking into account the market expectations

Given that Prosegur Cash Group has defined a strategy for long-term permanence in the foreign markets in which it is present, a policy has been adopted to not cover investments on the net equity invested in the countries, assuming the risk of conversion to the euro of assets and liabilities denominated in said foreign currencies.

The Prosegur Cash Group's exposure to the exchange rate risk is shown below, which details the book value of financial instruments denominated in a foreign currency other than the operating currency of each country:

31 de diciembre de 2017

Thousands of euros	Euro	US Dollar	Other currency	**Total position**
Non-current financial assets	-	24	-	24
Total non-current assets	**-**	**24**	**-**	**24**
Trade and other receivables	19,264	14,476	-	33,740
Other current financial assets	3,542	18	6,527	10,087
Cash and cash equivalents	22,997	4,243	40	27,280
Total current assets	**45,803**	**18,737**	**6,567**	**71,107**
Trade and other payables	20,043	26,620	-	46,663
Financial liabilities	3,168	2,933	19,101	25,202
Current liabilities	**23,211**	**29,553**	**19,101**	**71,865**
Net position	**22,592**	**(10,792)**	**(12,534)**	**(734)**

31 December 2016

Thousands of euros	Euro	US Dollar	Other currency	**Total position**
Non-current financial assets	-	52	-	52
Total non-current assets	**-**	**52**	**-**	**52**
Trade and other receivables	9,068	(1,540)	-	7,528
Other current financial assets	17,367	151	31,329	48,847
Cash and cash equivalents	3,389	419	-	3,808
Total current assets	**29,824**	**(970)**	**31,329**	**60,183**
Financial liabilities	20	207	-	227
Non-current liabilities	**20**	**207**	**-**	**227**
Trade and other payables	30,206	1,819	-	32,025
Financial liabilities	7,311	959	-	8,270
Current liabilities	**37,517**	**2,778**	**-**	**40,295**
Net position	**(7,713)**	**(3,903)**	**31,329**	**19,713**

The following table shows the details of the main listings of the foreign currencies operated by the Prosegur Cash Group with respect to the Euro, to the average and closing of the fiscal year:

		31/12/2017		**31/12/2016**	
		Average rate	Closing rate	Average rate	Closing rate
US Dollar	USD	1.13	1.20	1.11	1.05
Australian Dollar	AUD	1.47	1.53	1.49	1.46
Brazilian Real	BRL	3.60	3.97	3.86	3.43
Argentine Peso	ARS	18.72	22.31	16.33	16.76
Chilean Peso	CLP	732.21	737.83	748.56	703.39
Mexican Peso	MXP	21.33	23.66	20.66	21.77
Paraguayan Guarani	PYG	6,343.35	6,704.66	6,098.12	6,063.11
Peruvian Nuevo Sol	PEN	3.68	3.88	3.74	3.54
Uruguayan Peso	UYU	32.36	34.50	33.33	30.84
Colombian Peso	COP	3,336.10	3,578.71	3,379.51	3,163.05
Indian Rupee	INR	7.63	76.61	74.36	71.59

The strengthening / (weakness) of the Euro against the Brazilian Real, Argentine Peso, Chilean Peso and Nuevo Sol as of 31 December would increase / (decrease) the profit or loss and equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate (different from the operating currency Note 32.5), which Prosegur Cash Group considers as reasonably possible at the end of the period to be reported (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant. The sensitivity of the income statement is associated with the impact on the income statement, under its financial results heading, if the exchange rate at the end of the year increased or decreased on all the active items in a currency other than the operating currency of each subsidiary (Note 32.5). Meanwhile, the sensitivity associated with equity is calculated on the net assets of each of the subsidiaries and shows the variations of the respective operating currencies with respect to the euro.

	Increase in exchange rate		Drop in exchange rate	
	Net worth	Result	Net worth	Result
31 December 2017				
Brazilian Real (15% variation)	45,841	-	(33,883)	-
Argentine Peso (25% variation)	84,215	(3,169)	(50,529)	1,901
Chilean Peso (10% variation)	9,491	365	(7,765)	245
Nuevo Sol (Peru) (10% variation)	5,929	(3,102)	(4,851)	2,538
Colombian Peso (10% variation)	-	-	-	-
31 December 2016				
Brazilian Real (15% variation)	54,607	-	(40,361)	-
Argentine Peso (25% variation)	61,728	2,629	(37,037)	(4,404)
Chilean Peso (10% variation)	10,567	(304)	(8,646)	372
Nuevo Sol (Peru) (10% variation)	6,649	344	(5,440)	(421)
Colombian Peso (10% variation)	3,111	-	(2,546)	-

Credit risk

The Prosegur Cash Group does not have significant concentrations of credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of customers are used if available. Otherwise, the Credit Control Department assesses each customer's credit rating, considering financial position, past experience and other factors. Individual credit limits are established depending on internal and external qualifications in accordance with the limits set by the Financial and Economic Management. There is regular monitoring of the use of credit limits.

The Prosegur Cash Group has formal procedures to detect objective evidence of impairment in the accounts of commercial clients. As a result of the same, it identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. The impairment of trade receivables on 31 December 2017 amounts to EUR 7,430 thousand (in 2016: EUR 6,830 thousand) (Note 18) and the trade receivables not included in this provision at year end have sufficient credit quality, so the credit risk for these accounts receivable is considered covered by this provision.

The following table shows the percentage of the total Prosegur Cash Group that represents the billing of the 8 main clients:

	31/12/2017	31/12/2016
Counterparty		
Client 1	6.67%	7.23%
Client 2	6.05%	5.68%
Client 3	4.95%	4.85%
Client 4	3.07%	3.12%
Client 5	2.56%	2.94%
Client 6	2.23%	2.27%
Client 7	2.15%	2.14%
Client 8	1.64%	1.58%

The other current financial assets heading includes a fixed-term tax. All the financial assets that were contracted in 2017 and 2016 were exposed to the risk of non-payment by the counterparties, which, in all cases, were financial institutions with guaranteed solvency and with a high credit quality and not very sensitive to adverse changes in the economic situation.

In Spain, the Collections Department manages an approximate monthly volume of 2,759 clients with a monthly average turnover of EUR 6,399 thousand per client. The payment instrument most used by clients is the bank transfer, which represents 86% versus 14% in instruments (cheques, promissory notes, etc.).

Liquidity risk

Prudent management of liquidity risk involves the maintenance of sufficient cash and marketable securities, as well as the availability of short, medium and long-term financing with a sufficient amount of committed credit facilities in order to achieve the business targets of the Prosegur Cash Group in a safe, efficient and timely manner. The purpose of the Corporate Treasury Department is to maintain sufficient liquidity and availability to guarantee the operation of the Prosegur Cash Group business.

Management monitors the provisions of the liquidity reserve of the Prosegur Cash Group, which includes the availability of credit (Note 22) and cash and cash equivalents (Note 19), based on the expected cash flows.

The liquidity position of the Prosegur Cash Group's Cash business for 2017 and 2016 is based on the following points:

- Cash and cash equivalents of EUR 317,777 thousand on 31 December 2017 (in 2016: EUR 188,780 euros) (Note 19).

- EUR 491,917 thousand available in undrawn credit facilities on 31 December 2017 (in 2016: EUR 103,573 thousand) (Note 22).

- The cash flow generated by operating activities in 2017 amounted to EUR 232.287 thousand (2016: EUR 255,938 thousand) (Note 10).

The amounts presented in this table reflect the cash flows stipulated in the contracts.

Thousands of euros	Carrying amount	31/12/2017 Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Debentures and other negotiable securities	594,117	667,401	1,401	-	8,250	24,750	633,000
Loans and borrowings	116,153	141,769	18,271	22,726	32,775	11,536	56,461
Finance lease payables	17,884	21,235	1,781	7,435	5,847	6,172	-
Credit accounts	18,412	19,138	8,230	10,908	-	-	-
Other debts	27,888	34,106	12,836	4,642	6,466	7,660	2,502
Accounts payable with group companies (Note 28)	48,372	48,372	48,372	-	-	-	-
Trade and other payables	314,433	314,433	314,433	-	-	-	-
	1,137,259	**1,246,454**	**405,324**	**45,711**	**53,338**	**50,118**	**691,963**

Thousands of euros	Carrying amount	31/12/2016 Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Loans and borrowings	626,149	662,759	15,431	3,710	9,444	634,174	-
Finance lease payables	20,377	23,954	5,503	4,353	6,950	6,838	310
Credit accounts	43,307	46,399	43,754	2,645	-	-	-
Other debts	32,202	36,568	23,926	1,004	2,883	4,803	3,952
Accounts payable with group companies (Note 28)	168,708	168,708	168,708	-	-	-	-
Trade and other payables	262,546	262,546	262,546	-	-	-	-
	1,153,289	**1,200,934**	**519,868**	**11,712**	**19,277**	**645,815**	**4,262**

Finally, it should be noted that forecasts are systematically made on expected cash generation and needs, meaning that the Prosegur Cash Group's liquidity position can be determined and monitored on a continuous basis.

Cash flow and fair value interest rate risks

The Prosegur Cash Group is exposed to interest rate risk due to the monetary assets and liabilities on its statement of financial position.

The exposure of the financial liabilities of the Prosegur Cash Group (excluding the other debts heading) to the contractual dates on which its prices are revised is as follows:

Thousands of euros	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2017					
Total financial liabilities (fixed rate)	12,035	11,625	23,955	594,117	641,732
Total financial liabilities (variable rate)	12,409	26,199	20,323	45,903	104,834
	24,444	**37,824**	**44,278**	**640,020**	**746,566**
On 31 December 2016					
Total financial liabilities (fixed rate)	4,936	3,034	8,834	288	17,092
Total financial liabilities (variable rate)	52,330	3,257	617,154	-	672,741
	57,266	**6,291**	**625,988**	**288**	**689,833**

The Prosegur Cash Group analyses its exposure to interest rate risk dynamically. In 2017 and 2016, the financial liabilities of the Prosegur Cash Group at variable interest rates are mainly denominated in euros, Brazilian real, Australian dollars, South African rands and Mexican pesos.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur Cash Group calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate for all currencies. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

The details of financial liabilities, indicating the portion considered to be hedged at a fixed rate, are as follows:

31 December 2017	Total debt	Hedged debt	Debt exposure
Europe	627,334	599,662	27,672
AOA	57,147	-	57,147
Iberoamérica	89,973	42,070	47,903
	774,454	**641,732**	**132,722**

On 31 December 2016	Total debt	Hedged debt	Debt exposure
Europe	650,708	8,652	642,056
AOA	5,082	-	5,082
Iberoamérica	66,245	8,440	57,805
	722,035	**17,092**	**704,943**

The debt comprises bank loans at fixed rates. There are credit accounts, leasing debts, and loans with credit institutions at a fixed interest rate in Chile, Germany, Peru, Brazil, Paraguay, Colombia and Spain.

As of 31 December 2017, if the interest rate on bank loans and borrowings had have been 100 basis points higher, keeping the other variables constant, the after tax profit or loss for the period would have been EUR 909 thousand lower (2016: EUR 4,235 thousand lower), mainly as a result of higher interest expense on variable rate loans.

29.2 Capital risk management

The objectives of the Prosegur Cash Group in relation to capital management are to safeguard its ability to continue as a going concern to procure a return for shareholders and profits for other holders of equity instruments, and to maintain an optimal capital structure and reduce its cost.

In order to maintain or adjust the capital structure, the Prosegur Cash Group could adjust the amount of dividends payable to shareholders, reimburse capital to shareholders, issue new shares or sell assets to reduce debt.

The Prosegur Cash Group monitors the capital according to the leverage ratio, in line with the sector practice, in order to optimise its financial structure. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the balance sheet.

The following is the calculation of the leverage ratio for the Prosegur Cash business:

Thousands of euros	**31/12/2017**	**31/12/2016**
Financial liabilities (Note 22)	774,454	722,035
Financial liabilities with group companies (Note 28)	-	136,972
Less: Cash and equivalents (Note 19)	(317,777)	(188,780)
Less: current investments in group companies (Note 28)	(23,145)	(26,627)
Net financial debt	433,532	643,600
Less: other non banking accounts payable and receivable (Note 15 and Note 22)	(9,442)	(32,202)
Net financial debt (excluding other non banking accounts payable corresponding to deferred acquisition payments)	424,090	611,398
Net assets	240,004	103,593
Total capital	**664,094**	**714,991**
Leverage ratio	**63.86%**	**85.51%**

The following is the calculation of the leverage ratio, including the net assets held for sale:

Thousands of euros	**31/12/2017**	**31/12/2016**
Financial liabilities (Note 22, 15)	777,721	727,536
Financial liabilities with group companies (Note 28)	-	136,972
Less: Cash and equivalents (Note 19, 15)	(317,876)	(211,603)
Less: current investments in group companies (Note 28)	(23,145)	(26,627)
Net financial debt	436,700	626,278
Less: other noon banking accounts payable and receivable (Note 15 and Note 22)	(9,442)	(32,202)
Net financial debt (excluding other non banking accounts payable corresponding to deferred acquisition payments)	427,258	594,076
Net assets	263,789	185,473
Total capital	**691,047**	**779,549**
Leverage ratio	**61.83%**	**76.21%**

29.3 Financial instruments and fair value

Classification and fair value

All financial assets and liabilities have a book value similar to their fair value due, to a large extent, to the short-term maturities of these instruments.

31 December 2017	Carrying amount					Fair value			
Thousands of euros	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets not measured at fair value									
Deposits and guarantees	-	1,645	-	-	**1,645**				
Deposits	-	1,160	-	-	**1,160**				
Credits		2,904	-	-	**2,904**				
Short-term accounts receivable with group companies (Note 28)	-	18,103	-	-	**18,103**				
Customers and other accounts receivable (Note 18)	-	333,960	-	-	**333,960**				
Cash and cash equivalents (Note 19)	-	317,777	-	-	**317,777**				
	-	**675,549**	**-**	**-**	**675,549**				
Fair value financial liabilities									
Contingent payments	-	-	(10,984)	-	**(10,984)**	-	-	(10,187)	**(10,187)**
	-	**-**	**(10,984)**	**-**	**(10,984)**				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	-	-	-	(594,117)	**(594,117)**	(591,638)	-	-	**(591,638)**
Financial liabilities from financial institutions	-	-	-	(152,449)	**(152,449)**	-	(145,875)	-	**(145,875)**
Other financial liabilities	-	-	-	(27,888)	**(27,888)**	-	(27,888)	-	**(27,888)**
Short-term accounts payable with group companies (Note 28)	-	-	-	(48,372)	**(48,372)**	-	(48,372)	-	**(48,372)**
Suppliers and other accounts payable (Note 23)	-	-	-	(314,433)	**(314,433)**				
	-	**-**	**-**	**(1,137,259)**	**(1,137,259)**				

31 December 2016	**Carrying amount**					**Fair value**			
Thousands of euros	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets not measured at fair value									
Deposits and guarantees	-	1,211	-	-	**1,211**				
Deposits	-	224	-	-	**224**				
Credits	-	590	-	-	**590**				
Short-term accounts receivable with group companies (Note 28)	-	65,430	-	-	**65,430**				
Customers and other accounts receivable (Note 18)	-	371,371	-	-	**371,371**				
Cash and cash equivalents (Note 19)	-	188,780	-	-	**188,780**				
	-	**627,606**	**-**	**-**	**627,606**				
Fair value financial liabilities									
Contingent payments	-	-	(253)	-	**(253)**	-	-	(253)	**(253)**
	-	**-**	**(253)**	**-**	**(253)**				
Financial liabilities not measured at fair value									
Financial liabilities from financial institutions	-	-	-	(689,833)	**(689,833)**	-	(520,534)	-	**(520,534)**
Other financial liabilities	-	-	-	(32,202)	**(32,202)**	-	(32,202)	-	**(32,202)**
Short-term accounts payable with group companies (Note 28)	-	-	-	(168,708)	**(168,708)**				
Suppliers and other accounts payable (Note 23)	-	-	-	(254,293)	**(254,293)**				
	-	**-**	**-**	**(1,145,036)**	**(1,145,036)**				

Measurement bases for financial instruments not measured at fair value:

Below are the valuation methods used in 2017 to determine the Level 3 fair values, as well as the unobservable variables used and the quantitative information of each significant unobservable Level 3 variable. The contingent payments described belong to the combination of the Contesta Group businesses, which are almost all of them. The sensitivity analyses are as follows:

Type	Valuation method (*)	(Unobservable) inputs employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Contingent payments	Discounted cash flows: The measurement model considers the present value of the net cash flows to be generated by the business. The expected cash flows are determined considering the scenarios that may be exercised by Gross Margin forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.	- Gross Margin	-The estimated fair value would increase / decrease depending on the value of the gross margin.	-If the estimated gross margin had been at 5% of the agreed scenario, the value of the contingent payments in 2017 would have varied by EUR 506 thousand. If it had have been at 10%, the value of the contingent payments would have varied by EUR 1,012 thousand . -In the case of a 5% decrease in the gross margin, the contingent payments would have varied by EUR (506) thousand , and if it had have decreased by 10%, the value of the contingent payments would have varied by EUR(1,518) thousand.

(*) The forecast for annual sales growth has been set at 8% as of 2018, the forecast for EBITDA (2017-2020: from 15.4% to 20.0%) and the discount rate adjusted to the risk (from 13.5%).

Measurement bases for financial instruments not measured at fair value:

Type	Measurement bases	(Unobservable) inputs employed
Financial liabilities from financial institutions	Discounted cash flows.	N/A
Finance lease liabilities	Discounted cash flows.	N/A
Other financial liabilities	Discounted cash flows.	N/A

Transfer of assets and liabilities among the various levels

During the year ended on 31 December 2017 and 2016, there was no transfer of assets and liabilities between the different levels.

30. Other information

The average number of Prosegur Cash Group employees, including companies that consolidate using the equity method, was as follows:

	31/12/2017	31/12/2016
Operations personnel	54,665	53,849
Other	2,638	2,456
	57,303	**56,305**

The average headcount of operations personnel employed by equity-accounted investees in 2017 is 16,867 employees (in 2016: 16,755 people).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

	31/12/2017	31/12/2016
Operations personnel	29	21
Other	-	5
	29	**26**

The distribution of the Prosegur Cash Group workforce by gender at the end of the year was follows:

	31/12/2017		31/12/2016	
	Male	Female	Male	Female
Operations personnel	44,151	10,068	44,202	9,647
Other	1,718	936	1,663	793
	45,869	**11,004**	**45,865**	**10,440**

The distribution of the members of the Senior Management of the Prosegur Cash Group by gender was as follows:

	31/12/2017		31/12/2016	
	Male	Female	Male	Female
Board of Directors	6	3	5	-
Senior Management	9	2	7	2
	15	**5**	**12**	**2**

KPMG Auditores, S.L., which audits the Prosegur Cash Group financial statements, billed the following fees for professional services rendered during the year:

Thousands of euros	31/12/2017	31/12/2016
KPMG Auditores, S.L., audit services	405	587
KPMG Auditores, S.L., other services	148	9
	553	**596**

The amounts included in the previous table include all the fees related to the services rendered during the 2017 fiscal year, regardless of when they were invoiced.

Other entities affiliated to KPMG International have also billed the Prosegur Cash Group during the year for the following fees for professional services rendered:

Thousands of euros	31/12/2017	31/12/2016
Audit services	657	1,121
Other assurance services	122	119
Tax advisory services	11	232
Other services	7	435
	797	**1,907**

Other assurance services correspond mainly to limited reviews of interim financial statements, agreed-upon procedures reports on compliance with covenants and others and comfort letters in relation to issues of securities provided by KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A. and subsidiaries during the year ended 31 December 2017.

Other auditors billed the Prosegur Cash Group during the year for the following fees for professional services rendered:

Thousands of euros	31/12/2017	31/12/2016
Audit services	-	2
	-	**2**

31. Events after the reporting date

On 2 January 2018, the Prosegur Group paid the purchase price set by the Security business in Brazil, for the amount of BRL 72,823 thousand (countervalue at the time of payment: EUR 18,331 thousand) plus 1% on the sale price as interest, as agreed by the contract (Note 15).

32. Summary of the main accounting policies

The main accounting principles used in the preparation of these consolidated annual accounts are described in this section. These principles have been applied consistently throughout the reporting periods presented.

32.1 Accounting standards

These consolidated annual accounts were prepared using the same accounting principles used by the Prosegur Cash Group when preparing the consolidated financial statements as of 1 January 2016, with the exception of the standars and amendments adopted by the European Union and mandatory as of 1 January 2016 and 2017, which were applied in 2016 and 2017, respectively, and which are detailed below:

a) Standards effective from 1 January 2017

The 2017 annual accounts were prepared using the same accounting principles as for 2016, except for the standars and amendments adopted by the European Union and mandatory as of 1 January 2017, which are detailed below:

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

- Annual improvements to the IFRSs of the 2014-2016 cycle - They modify the following standards:

  IFRS 1 – First-time adoption of the International Financial Reporting Standards; The amendment to IFRS 1 is effective as of 1 January 2018
  IFRS 12 - Information to be Disclosed on Stakeholdings in Other Entities; The amendment to IFRS 12 is effective as of 1 January 2017

IAS 28 - Investments in Associates and Joint Ventures. The amendment to IAS 28 is effective as of 1 January 2018;

- Amendments to IAS 7 - *Breakdown Initiative:* 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.

b) Standards and interpretations issued, approved by the European Union, which are not effective as of 1 January 2017 and which Prosegur Cash expects to adopt as of 1 January 2018 or later (they have not been early adopted)

- IFRS 9 Financial instruments. Effective for annual periods beginning on or after 1 January 2018. Establishes criteria for the recording and valuation of financial instruments. The only impact on the consolidated financial statements that the Group has identified is a new model for calculating the impairment of financial assets by changing the calculation method to the expected credit losses over the life of the asset. The estimated negative impact on equity amounts to EUR 1,549 thousand.

- IFRS 15 Revenue from contracts with clients Effective for annual periods beginning on or after 1 January 2018. Establishes the criteria for the accounting record of income from contracts with clients. At present, expenses directly related to obtaining contracts (mainly sales commissions, as well as other expenses with third parties) are charged to the income statement as they are incurred. With the application of IFRS 15, an asset will be recognised by the costs that are incremental for obtaining a contract, and will be charged to the P&L as the income related to said asset is allocated. The initial assessment made by the Group of the potential impact of the adoption of IFRS 15 in its consolidated financial statements concludes that it will be very limited.

- IFRS 16 Leases. Effective for annual periods beginning on or after 1 January 2019. Establishes that companies which are lessees of contracts will recognise the liabilities and assets of the lease agreements in the consolidated financial statement (except for short-term and low value lease agreements). Under current regulations, the Group's contracts are classified as operating leases, and payments are recorded on a straight-line basis over the lease term.

  The standard allows two methods of transition: one retroactively for each comparative period presented, and another retroactively with the cumulative effect of the initial application of the recognised standard on the date it is first applied. In this sense, the standard allows certain practical solutions when it is first applied, relating to the valuation of assets, discount rate, duration, initial costs and short-term leases.

  Although the Group has not quantified the impact of the adoption of IFRS 16, it estimates that the impact on its financial statements will be significant and will consist of the recognition of new assets and liabilities for its operating leases of real estate and fleet, and it will also change the nature of the expenses related to these leases, since IFRS 16 replaces the straight-line expense of the operating lease with a charge for amortisation of right-of-use assets and an interest expense on lease liabilities.

- Amendments to IAS 40 - *Real estate investments:* Transfers of Investment Property. These amendments clarify the requirements on the transfer of real estate investments

- Interpretation of IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*. It determines the exchange rate to be used in transactions with advance payment paid or received in foreign currency.

- Modifications to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Clarification about the accounting of certain types of transactions with share-based payments.

Prosegur Cash is currently analysing the impact of the application of these standards or amendments, although no significant impacts are expected in any of the different types of income in each of its business lines / segments.

c) Standards and interpretations issued by the International Financial Reporting Standards Board (IFRS), pending approval by the European Union

- Amendments to NIIF 8 - Operating Segments: Clarifications for the parties responsible for preparing financial information, as well as regulators and users.

- IFRIC 23 - Uncertainty about the treatment of corporation tax: The new requirements introduced clarify aspects regarding the accounting of tax interpretations.

On the date these consolidated annual accounts were authorised for issue, Prosegur Cash Management was evaluating the impact that the application of these standards and modifications will have on the consolidated financial statements.

32.2 Consolidation policies

Subsidiaries

Subsidiaries, including structured entities, are those controlled by the Company, directly or indirectly, via subsidiaries. The Company controls a subsidiary when as a result of its involvement therein it is exposed or entitled to variable returns and has the ability to influence such returns via the power exercised on said entity. The Company holds the power when it holds substantive powers in force which provide it with the ability to manage relevant activities. The Company has exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

The income, expenses and cash flows of the subsidiaries are included in the consolidated financial statements from the date on which control was transferred to the Prosegur Cash Group, and are excluded from the consolidation on the date on which the control ceased.

The transactions and balances held with Prosegur Cash Group companies and the unrealised profits or losses have been eliminated in the consolidation process. However, unrealised loss has been considered as an indicator of impairment on transferred assets.

To ensure consistency with the policies adopted by the Prosegur Cash Group, the accounting policies of the subsidiaries were amended when necessary.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

Business Combinations

In business combinations, the Prosegur Cash Group applies the acquisition method. The acquisition date considered in the financial statements that have been presented is when the Prosegur Cash Group obtained control of the acquired business.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the amount exchanged for the acquiree. Acquisition costs are recognised as an expense when incurred.

The Prosegur Cash Group recognises the assets acquired, the assumed liabilities (and any non-controlling interest) at their fair value on the acquisition date. A non-controlling interest in the acquired business is recognised by the amount pertaining to the percentage share in the fair value of the acquired net assets. This criterion is only applicable to non-controlling interests that grant present access to economic rights and the right to the proportional share of the net assets of the acquired entity in the event of liquidation. Otherwise, the non-controlling interests are valued at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Prosegur Cash Group also recognises the indemnification assets granted by their seller, and following the same valuation criteria of the item subject to indemnification from the acquired business, considering the insolvency risk and any contractual limitation on the amount indemnified.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. If applicable, the deficit after evaluating the amount of the consideration given, the value assigned to the non-controlling interests and the identification and valuation of the net assets acquired, is recognised in the financial statements.

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date.Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 27).

The potential benefit of the acquiree's income tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as income tax revenue provided that it does not arise from a measurement period adjustment.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

The business combination cost includes contingent considerations if, on the date of acquisition, they are likely and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries are recognised on the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries on the date of first consolidation.

Once the adjustments and eliminations derived from the consolidation are considered, the participation of the Prosegur Cash Group and the non-controlling participations in the consolidated P&L for the year and in the changes in the equity of the subsidiaries is determined from the participations in ownership at the end of the year, without considering the possible exercise or conversion of potential voting rights, and once the effect of the dividends, agreed or not, of preferred shares with cumulative rights that have been classified in equity accounts have been subtracted. However, the participation of the Prosegur Cash Group and the non-controlling interests are determined by considering the possible exercise of potential voting rights and other derivative financial instruments that, in essence, currently grant access to the economic benefits associated with ownership interests, i.e. the right to participate in future dividends and changes in the value of the subsidiaries.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. The agreements entered into by the Prosegur Cash Group and the non-controlling participations are recognised as a separate transaction.

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence is the power to intervene in financial policy and operating decisions of a company, without there being control or joint control thereon. When assessing whether there will be a significant influence, the potential voting rights that are exercisable or convertible at the closing date of each year are taken into account, as well as the potential voting rights owned by the Prosegur Cash Group or by another entity.

Investments in associates are recognised by the equity method as of the date on which the significant influence is exercised until the date on which the Company cannot continue to justify the existence thereof.

Investments in associates are initially recognised at cost of acquisition. Any surplus between the cost of investment and Prosegur Cash's percentage of the fair values of identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

Prosegur Cash's share in post-acquisition profit or loss of associates is recognised as an increase or decrease in value of the investments, with a debit or credit to share of profit/losses of financial year accounted for under the equity method in the consolidated income statement (consolidated statement of comprehensive income). Likewise, Prosegur Cash's share in post-acquisition other comprehensive income of associates is recognised as an increase or decrease in value of the investments in the associates, with a balancing entry corresponding to the nature of the investment in other comprehensive income. Dividend distributions are recognised as reductions in the value of the investments.

Impairment

The Prosegur Cash Group applies the impairment criteria developed in *IAS 39: Financial instruments: Recognition and Valuation,* in order to determine whether or not to record impairment losses additional to those already recognised in the net investment of the associate or in any other financial asset held therewith as a result of the application of the equity method.

Impairment is calculated by comparing the carrying amount associated with the net investment in the associate with its recoverable amount, the latter being understood as the greater of the value in use or fair value less costs to sell. In this regard, value in use is calculated on the basis of Prosegur Cash's share in the present value of estimated cash flows from ordinary activities and amounts which might result from the final sale of the associate.

The recoverable amount of the investment in an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 32.9).

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates derived from application of the acquisition method. In subsequent years, reversals of impairment losses on investments are recognised in the income statement to the extent of any increase in the recoverable amount. Impairment losses are presented separately from Prosegur Cash's share of profit or loss of associates.

Joint arrangements

Joint arrangements are considered to be those in which there is a contractual agreement to share control over an economic activity, so that decisions on the relevant activities require the unanimous consent of the Prosegur Cash Group and the rest of the participants or operators. The assessment of the existence of joint control is carried out according to the definition of control of dependent entities.

Joint ventures

Investments in joint ventures are recognised applying the equity method. This method involves including the value of the net assets and goodwill in the consolidated financial statement line "Investments accounted for using the equity method" if any, corresponding to the share held in the joint venture. The net result obtained each year, corresponding to the percentage of shareholding in the joint ventures is reflected in the consolidated income statements under Share of profit/losses of financial year accounted for under the equity method. Prosegur decides to present these results as part of its operating results as it considers that the results of its joint ventures form part of its operations.

Dividend distributions from joint ventures are recognised as reductions in the value of the investments. The losses in the joint ventures that correspond to the Prosegur Cash Group are limited to the value of the net investment, except when legal or implicit obligations were assumed by the Prosegur Cash Group, or if payments were made on behalf of the joint ventures.

Joint Operations

In joint operations, the Prosegur Cash Group recognises its assets in the consolidated financial statements, including its participation in the assets controlled jointly; its liabilities, including its share of the liabilities it has incurred jointly with the other operators; the income obtained from the sale of its part of the production derived from the joint operation, its share of the income obtained from the sale of the production derived from the joint operation, and its expenses, including the part corresponding to the joint expenses.

In the sale or contribution transactions of the Prosegur Cash Group to joint operations, only the results corresponding to the participation of the other operators are recognised, unless the losses reveal a loss or impairment of the value of the transferred assets, in which case, they are fully recognised.

When the Prosegur Cash Group has been involved in joint operation purchase transactions, the P&L is only recognised when the acquired assets have been sold to third parties, unless the losses reveal a loss or impairment of the acquired assets, in which case, the Prosegur Cash Group fully recognises the proportional part of its corresponding losses.

The Prosegur Cash Group's acquisition of the initial and subsequent participation in a joint operation is recognised by applying the criteria developed for business combinations by its participation percentage in the individual assets and liabilities. However, in the subsequent acquisition of an additional share of a joint operation, the previous share in individual assets and liabilities are not subject to revaluation.

32.3 Operational consolidated income statement

The Prosegur Cash Group chose to submit expenses recognised in the income statement using a classification based on its function within the entity, considering that this method provides users with more relevant information than the classification of expenses by nature.

32.4 Segment reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure.

32.5 Foreign currency transactions

Functional and presentation currency

The items included in the consolidated financial statements of each of the Prosegur Cash Group entities are valued using the currency of the main economic environment in which the entity operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of euros (unless stated otherwise), the Parent’s functional and presentation currency.

Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange gains or losses relating to loans and cash and cash equivalents are recognised in the income statement under finance income or costs.

Changes in the fair value of monetary securities denominated in foreign currency and classified as non-current assets held for sale are analysed between conversion differences resulting from changes in the amortised cost of the security and other changes in the book value of the security. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are recognised as changes in fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised in the revaluation reserve in equity.

The Prosegur Cash Group presents the effect of the conversion of assets and liabilities for deferred taxes denominated in foreign currency together with the deferred income tax in P&L.

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as “Effect of translation differences on cash held”.

Translation of foreign operations

The conversion to euros of businesses abroad whose operational currency is not that of a hyperinflationary country was made by applying the following criteria:

i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate on the reporting date;

ii. Income and expenses are translated at the average monthly exchange rate;
iii. The exchange differences resulting from the application of the above criteria are recognised as conversion differences in other consolidated global P&L.

On consolidation, exchange differences arising on the translation of a net investment in foreign operations, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the equity of the company holding the investment. When these investments are sold, the exchange differences are recognised in the income statement as part of the gain or loss on the sale.

32.6 Property, plant and equipment

Land and buildings mainly comprise operating divisions. Property, plant and equipment are recognised at cost less depreciation and any accumulated impairment losses, except in the case of land, which is presented at cost net of any impairment losses.

Historical cost includes all expenses directly attributable to the acquisition of the items.

Subsequent costs are only included in the book value of the asset or are recognised as a separate asset when it is probable that the future economic benefits associated with the items will flow to the Prosegur Cash Group and the cost of the item can be reliably determined. The carrying amount of the replaced item is derecognised. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

	Rate (%)
Buildings	2-3
Technical installations and machinery	10-25
Other facilities	10-30
Furniture	10
Computer equipment	25
Vehicles	10-16
Other property, plant and equipment	10-25

The residual values and useful lives of assets are revised, and adjusted if necessary, as a change in accounting estimates, at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 32.9). The company prepares a property, plant and equipment impairment analysis on an annual basis, regardless of whether there are indications of impairment.

Gains and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount of the asset and are recognised in the income statement.

32.7 Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Prosegur Cash Group's share in the identifiable net assets of the acquired subsidiary on the date of acquisition. Goodwill impairment is tested annually (Note 32.9) and recognised at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGU). Goodwill is allocated to the CGU that are expected to benefit from the business combination from which the goodwill arose.

Client portfolios

The relationships with customers recognised by the Prosegur Cash Group under the client portfolios heading are separable and are based on a contractual relationship, complying with the requirements established by the regulations to be considered as intangible assets separable from goodwill. In general, these are customer service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with customers are recognised at fair value on the acquisition date less amortisation and accumulated impairment.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price. To determine the fair value of intangible assets allocated in business combinations in the form of customer relationships, the income approach is used: discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the company's business plans.

In the Prosegur Cash Group, client portfolios are amortised on a straight-line basis based on the estimated useful life. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Customer portfolios have useful lives of between 5 and 22 years.

Customer portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

At the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of customer portfolios mainly consist of:

- Verifying whether events have taken place that could have a negative impact on the estimated cash flows from the contracts making up the portfolio (such as a decline in total sales or EBITDA margins).
- Updating the estimated customer churn rates to identify any changes to the periods for which customer portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a customer portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If customer churn rates have risen, the useful lives of customer portfolios are re-estimated.

Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks and licences during their estimated useful life of 4 years.

Computer software

Computer software licences are capitalised at cost of acquisition or cost of preparation of the specific software for use. These expenses are amortised over the estimated useful lives of the assets (3 to 5 years).

Computer software maintenance or development costs are charged as expenses when incurred.

32.8 Investment property

The Prosegur Cash Group classifies real estate investments as the real estate fully or partially allocated to obtain income, capital gains or both, instead of for their use in the production or supply of goods or services, or for administrative purposes of the Prosegur Cash Group or their sale in the ordinary course of operations. Real estate investments are initially recognised at cost, including transactions costs.

The Prosegur Cash Group evaluates real estate investments after their initial recognition, following the criteria of cost or deemed cost established for the property, plant or equipment. The depreciation methods are those contained in that section. The estimate useful life of real estate investments is of 50 years.

32.9 Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss.

Recoverable amount is the higher of fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

Goodwill has been allocated to the Prosegur Cash Group's cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to the CGU that is expected to benefit from the business combination from which the goodwill arose.

The recoverable amount is the higher between its fair value less costs to sell or otherwise dispose and its value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use, the Prosegur Cash Group prepares the forecasts of future cash flows before taxes using the most recent budgets approved by the Management. These budgets incorporate the best available estimates of income and expenses of the cash-generating units (CGU) using past experience and future expectations. These budgets have been prepared for the next four years, and future cash flows have been calculated by applying non-increasing estimated growth rates that do not exceed the average long-term growth rate for the business in which the CGU operates.

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement (Note 12).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, Prosegur performs a sensitivity analysis on goodwill which consists of verifying the impact of deviations in key assumptions on the recoverable amount of a CGU (Note 12).

32.10 Financial assets

Internal

Financial assets are classified at the time of their initial recognition in accordance with the financial fund of the contractual agreement and with the definitions of financial assets, developed in IAS 32 "*Financial instruments: Presentation*".

Financial assets are classified into the following categories:financial assets at fair value through profit or loss, separating those initially designated from those held for trading, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification in the previous categories is carried out according to the characteristics of the instrument and the intentions of the Prosegur Cash Group at the time of their initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Prosegur Cash Group provides money, goods or services directly to a debtor with no intention of negotiating with the account receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and accounts receivable are mainly included in the financial statement under the heading of clients and other accounts receivable (Note 32.12).

Available-for-sale financial assets

In this category, the Prosegur Cash Group classifies the debt securities and equity instruments of other companies that have not been classified in any other financial asset category.

Recognition, measurement and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trading date, that is, the date on which the Prosegur Cash Group agrees to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are derecognised when they have expired, or rights have been transferred to receive cash flows from them and the Prosegur Cash Group has substantially transferred all the risks and advantages derived from their ownership.

Loans and receivables are measured at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary assets classified as available for sale are recognised in equity. When assets classified as available for sale are sold or incur irreversible impairment losses, the accumulated adjustments in fair value are included in the income statement as gains or losses on the assets.

On the date of each closing, the Prosegur Cash Group evaluates whether there is objective evidence that a financial asset or a group of financial assets may have suffered impairment losses. In the case of equity securities classified as available for sale, to determine whether they are impaired Prosegur considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

The Company derecognises financial assets when they expire or the rights to cash flows for the corresponding financial asset have been transferred and the risk and rewards inherent to ownership have also been substantially transferred, such as transfer of commercial credit in factoring operations where the company does not retain any credit risk or interest.

On the contrary, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the payment received, in transfers of financial assets where the risk and rewards inherent to ownership were substantially retained, such as discounting of notes or recourse factoring where the transferor retains subordinate financing or other types of guarantees that substantially absorb all expected losses.

32.11 Inventory

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

- Inventories held in warehouses and uniforms are measured at weighted average cost.
- Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

32.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. An impairment of trade accounts receivable is established when there is objective evidence that the Prosegur Cash Group will not be able to collect all the amounts owed to it in accordance with the original terms of the accounts receivable. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered indicators that a receivable is impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is irrecoverable, it is written off against the allowance account for receivables.

32.13 Disposal group held for sale

Non-current assets (or disposal groups) are classified as held for sale when the carrying amount is principally recoverable through a sale, provided that the sale is considered highly probable. The assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The Prosegur Cash Group recognises the initial and subsequent impairment losses of the assets classified in this category with a charge to the P&L of continuing activities in the consolidated financial statement, unless it is an interrupted activity. Non-current assets held for sale are not amortised.

32.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in financial institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

32.15 Share capital and own shares

Ordinary shares are classed as equity.

The Group's acquisition of the Parent Company's equity instruments is presented separately in the consolidated financial statement at acquisition cost as a reduction in equity, regardless of the reason that justified its acquisition. No P&L is recognised in transactions made with equity instruments.

The subsequent amortisation of the Parent Company's equity instruments results in a capital reduction for the amount of the nominal value of these shares, and the positive or negative difference between the acquisition price and the nominal value of the shares is charged or credited to reserve accounts.

Transaction costs related to own equity instruments are recorded as a reduction in net worth, once any tax effect has been considered.

32.16 Provisions

Provisions for restructuring and litigation are recognised when:

i. The Prosegur Cash Group has a present obligation, whether legal or implicit, as a result of past events.
ii. It is more probable than not that an outflow of resources will be required to settle the obligation.
iii. A reliable estimate has been made of the amount of the obligation.

Where Prosegur has a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if an outflow of resources in connection with any item included in the same class of obligations is unlikely.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.
Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 21).

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

32.17 Financial liabilities

Financial liabilities are classified at the time of their initial recognition in accordance with the financial fund of the contractual agreement and with the definitions of financial liabilities, developed in IAS 32 *Financial instruments: Presentation*.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at amortised cost. Financial liabilities are subsequently measure by their amortised cost. Any difference between the funds obtained (net of arrangement costs) and the redemption amount is recognised in the income statement over the term of the liability using the effective interest method.

Financial liabilities are classified as current liabilities, unless the Prosegur Cash Group has an unconditional right to defer its settlement for a minimum of 12 months after the closing date.

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that Prosegur is likely to draw down from the credit facility, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

32.18 Current and deferred tax

The income tax expense for the year comprises current tax and deferred tax. The tax is recognised in the income statement, except to the extent that it refers to items recognised directly in equity. In this case, the tax is also recognised in net equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

A significant degree of judgement is required to determine the provision for income tax payable by the Group. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. The Prosegur Cash Group recognises liabilities for anticipated tax problems based on estimates when it considers that additional taxes will be necessary. If the tax finally paid in these cases differs from the amounts initially recognised, these differences affect income tax and the provision for deferred taxes for the year in which they were calculated.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised provided that it is probable that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred taxes are recognised on temporary differences that arise in investments in subsidiaries and associates, except when the Prosegur Cash Group can control the date on which the temporary differences will revert and it is probable that they will not revert in the foreseeable future.

A financial asset and a financial liability are offset only when the Group has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset such tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities which intend to settle current tax liabilities and assets on a net basis or whose tax assets and liabilities will be realised simultaneously, in each of the future financial years in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated financial statement as non-current assets or liabilities, regardless of the expected date of realisation or settlement.

32.19 Employee benefits

Remuneration based on Prosegur Cash share price - 2017 Plan

The 2017 Plan is linked, in general terms, to the creation of value, and includes giving incentives referenced to the share price and / or in cash to the Executive Chairman, Chief Executive Officer and Senior Management of the Company.

To determine the cash value of each share to which the beneficiary is entitled, the average price of the Prosegur Cash shares on the Madrid Stock Exchange in the last fifteen trading sessions from the month before the shares will be given will be used as reference.

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

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.

In relation to the 2017 Plan of long-term incentives for the Executive Chairman, Chief Executive Officer and Senior Management of Prosegur Cash, under the heading of wages and salaries, the expense corresponding to the commitment accrued during 2017 has been included for the amount of EUR 2,331 thousand (Note 21).

The fair value of the incentives referenced to the share price was estimated based on the share price of Prosegur Cash S.A. at the end of the period (EUR 2.676 per share) or at the time of payment.

Termination benefits

Severance payments are recognised on the date when the Prosegur Cash Group can no longer withdraw the offer or when the costs of a restructuring involving the payment of termination indemnities are recognised, whichever comes first.

In the event of severance payments resulting from the employees' decision to accept an offer, the Prosegur Cash Group can no longer withdraw the offer once the employees accept the offer or when a restriction takes effect on the ability of the Prosegur Cash Group to withdraw the offer, whichever comes first.

In the case of severance for involuntary termination, the Prosegur Cash Group can not withdraw the offer once it has notified the affected employees or union representatives of the plan and the actions necessary to complete it indicate that significant changes are unlikely to occur, it identifies the number of employees that will be terminated, their category of employment or functions and place of employment and the expected termination date, and establishes severance payments that employees will receive in sufficient detail so that employees can determine the type and amount of the payments they will receive when they leave.

If the Prosegur Cash Group expects to pay the severance payments in full after the twelve months following the end of the year, the liability is discounted using the market performances corresponding to the issuance of high quality corporate bonds and debentures.

Short-term employee remuneration

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within 12 months of the end of the reporting period in which the employees have rendered the services for the remuneration.

Short-term employee remuneration is reclassified as long-term, if the characteristics of the remuneration are modified or if a non-provisional change occurs in settlement expectations.

The Prosegur Cash Group recognises the expected cost of short-term remuneration in the form of remunerated permissions whose rights are accrued as employees render the services that entitle them to payment. If the leaves are not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

The Prosegur Cash Group recognises a liability and an expense for bonus and profit sharing based on a formula that takes into account EBITA (earnings before interest, taxes and amortisation).

The Prosegur Cash Group recognises this cost when there is a present, legal or constructive obligation as a result of past events and a reliable estimate of the value of the obligation can be made.

Remuneration of executives

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the year, these plans are provisioned based on the achievement of the target based on the best possible estimate of the Prosegur Cash Management.

Defined benefit plans

Benefit plans include those financed through the payment of insurance premiums in which there is a legal or constructive obligation to directly pay the employees the benefits committed to at the time they are payable, or to continue paying additional amounts in the event that the insurer does not pay the benefits corresponding to the services rendered by the employees that year or in previous years.

Liabilities for defined benefits recognised in the consolidated statement of financial position correspond to the present value of the defined benefit obligations existing at the reporting date, less the fair value at said date of the plan assets.

The present value of employee benefits depends on a number of factors determined using various assumptions. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

When the P&L obtained as a result of carrying out the operations referred to in the previous paragraph is negative, i.e. there is an asset, Prosegur Cash recognises it up to the limit of the present value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions. The financial benefit is available to Prosegur Cash if it is realisable at some point during the life of the plan or in the settlement of the liabilities of the plan, even if it is not immediately realisable on the closing date.

Income or expense related to defined benefit plans is recognised as other employee benefits expenses and is the sum of the net current service cost and the net interest cost of the net liabilities or assets for defined benefits. The recalculation of the measurement of net liabilities or assets for defined benefits is recognised in other comprehensive income. The latter includes actuarial losses and gains, the net return on plan assets and any change in the effects of the asset limit, excluding any quantities included in the net interest on liabilities or assets. The costs of administering plan assets and all types of taxes characteristic of these, other than those included in the actuarial assumptions, are deducted from the net return of the plan assets. Amounts deferred in other comprehensive income are reclassified to accumulated earnings in the same reporting period.

Prosegur Cash also recognises the cost of past services as an expense for the year on the date on which the plan is amended or reduced, or when the corresponding restructuring costs or severance payments are recognised, whichever comes first.

The present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit Method. The discount rate of the net asset of liability for defined benefits is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Discretionary contributions of employees or third parties to defined benefit plans reduce the service cost for the reporting period in which they are received. Contributions of employees or third parties established in the terms of the plan reduce the service cost of the service periods if they are associated with the service or reduce recalculations. Changes in contributions associated with the service are recognised as a cost for a current or past service, if they are not established in the formal terms of the plan and do not derive from an constructive obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an constructive obligation.

Prosegur Cash does not offset assets and liabilities between different plans except when there is a legally enforceable right to offset the surpluses and deficits generated by the different plans, and it intends to cancel the obligations for their net amounts or materialise the surplus to simultaneously cancel the obligations of deficit plans.

Assets or liabilities from defined benefits are recognised as current or non-current depending on the realisation or maturity period of the related benefits.

32.20 Revenue recognition

Ordinary income includes the fair value for the sale of goods and services, net of VAT, returns and discounts, and after eliminating sales within the Prosegur Cash Group. The Prosegur Cash Group recognises the income when the amount can be reliably valued, it is probable that the future economic benefits will flow to the entity, and the specific conditions for each of the Prosegur Cash Group's activities are fulfilled.

Revenue is recognised on an accruals basis applying the following criteria:

a) Sales of active manned guarding, cash in transit and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.

b) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When there are losses to an account receivable due to impairment, the Prosegur Cash Group reduces the book value to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument, and continues recording the discount as lower income from interests. Interest on impaired loans is recognised using the effective interest method.

32.21 Leases

When an entity of the Prosegur Cash Group is the lessee

The leases of property, plant and equipment in which the Prosegur Cash Group substantially has all the risks and advantages derived from the ownership of the assets are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance costs, so as to produce a constant rate of interest on the remaining balance of the liability. The lease payable, net of the corresponding finance cost, is recognised under financial liabilities. The interest within the finance cost is taken to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised as an expense on a straight-line basis over the lease term.

When an entity of the Prosegur Cash Group is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment in the balance sheet. These assets are amortised during their expected useful life based on criteria consistent with those applied to similar items owned by the Prosegur Cash Group. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

32.22 Borrowing costs

The Prosegur Cash Group recognises the interest costs directly attributable to the acquisition, construction or production of the qualified assets as their higher value. Qualifying assets are those which require a substantial period of time before they can be used or sold.

32.23 Distribution of dividends

The distribution of dividends to Company shareholders is recognised as a liability in the consolidated financial statement of the Prosegur Cash Group in the year in which the dividends are approved by the Company's General Shareholders' Meeting. The interim dividends will also give rise to a liability in the consolidated annual accounts of the Prosegur Cash Group in the year in which the payment on account is approved by the Board of Directors.

32.24 Continued activities

A continued activity is a component of the Group's business, whose operations and cash flows can be clearly distinguished from the rest of the Group and which:

- represents a line of business or a geographical area that is significant and can be considered separated from the rest;
- it is part of an individual and coordinated plan to transfer or otherwise dispose of a line of business or a geographical area of the operation that is significant and can be considered separated from the rest; or
- it is a subsidiary acquired exclusively for the purpose of resale.

The classification as a continued activity is given at the start of the provision or when the operation meets the criteria to be classified as held for sale.

When the operation is classified as continuous activity, the comparative P&L statement and other comprehensive results are presented again as if the operation had been discontinued at the beginning of the comparative year.

32.25 Environment

The costs of armoured vehicles compliant with the Euro VI standard on non-polluting emissions were recognised as an increase in property, plant and equipment. At the 2017 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

32.26 Consolidated cash flow statement

The following expressions are used with the following meaning in the consolidated cash flow statements, drawn up according to the indirect method.

- Cash flows: incoming and outgoing cash and cash equivalents, which are understood to be short-term, highly liquid investments with a low risk of significant variation in their value.
- Operating activities: ordinary activities of the companies forming the consolidated group, along with other activities that cannot be qualified as investment or financing.
- Investment activities: purchase, sale or disposal by other means of long-term assets and other investments not included in the cash and cash equivalents.
- Financing activities: activities that produce changes in equity and financing liabilities. Overdrafts, in particular, are included in this section.

APPENDIX I.- Consolidated subsidiaries

Information on 31 December 2017

Business Name	Home address	Shareholding % of nominal	Shareholding Company	Instance when it is consolidated	Activity	Auditor
MIV Gestión, S.A.	CL CTRE CARGA AEREA OF A002 - 088820 Prat Llobregat - Barcelona	100	Prosegur Servicios de Efectivo España SLU	a.	1	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a.	1	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a.	3	B
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a.	3	B
Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a.	1	B
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	95 5	Prosegur Internationale Handels GmbH Prosegur Global CIT SLU	a.	3	A
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68.79 31.21	Armor Acquisition SA Prosegur Intenational Handels GmbH	a.	3	A
Prosegur International CIT 1, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a.	3	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a.	3	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a.	3	B
Contesta Teleservicios SA		100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a.	1	
Integrum 2008 SL		100	Contesta Teleservicios SA	a.	1	
Bloggers Broker SL		100	Contesta Teleservicios SA	a.	1	
Contesta Servicios Auxiliares SL		100	Contesta Teleservicios SA	a.	1	
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a.	3	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a.	1	A
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a.	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina, La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a.	1	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a.	1	A
Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS)	1267 Ave Pierre et Marie Curie, Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Global CIT ROW SLU	a.	3	A
Prosegur Traitemet de Valeuirs Azur, S.A.	1267 Ave Pierre et Marie Curie, Z.I. Secteur C, 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a.	1	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie, Z.I. Secteur C, 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a.	1	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange, ZA des Plaines de Jouques, Gemenos 13420	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a.	1	B
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U	a.	3	B
Pitco Reinsurance SA	Av. Monterey, L-2163 Luxemburg	100	Luxpai CIT SARL	a.	7	A
Luxpai CIT S.A.R.L.	23, Av. Monterey, 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a.	3	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global CIT ROW SLU	a.	1	B
Transportadora de Caudales de Juncadella S.A.	2835 Tres Arroyos, Buenos Aires	94.99 5.00 0.01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a.	1	A
Prosegur Holding CIT ARG, S.A.	2835 Tres Arroyos, Buenos Aires	95 5	Prosegur Global CIT, S.L.U Prosegur International CIT 1 SL	a.	3	B
BIP Serviços de Vigilancia Patrimonial Ltda	Cidade de Olinda, Estado de Pernambuco, na Rua Alemanha, 101,	99 1	Prosegur Serviços e Participaçoes Societarias SA (Ex- Prosegur Brasil SA Transportadora de Valores e Segu	a.	2	
Prosegur Serviços e Participaçoes Societarias SA (Ex-TSR Participacoes Societarias SA)	Av.Thomas Edison, 813, 1st floor, Barra Funda, CEP 01140-001 São Paulo, SP	47.08 52.92	Juncadella Prosegur Internacional SA Prosegur Global CIT SLU	a.	3	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633, Prado, Belo Horizonte, MG	99.99	Prosegur Serviços e Participaçoes Societarias SA (Ex-	a.	1	A
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.99 0.01	Juncadella Prosegur Internacional SA Armor Acquisition SA	a.	3	B
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567, Of. 203, Renca, Santiago	83.8 10.00 2.50 3.7	Prosegur Global CIT SLU Prosegur International CIT 1 SL Prosegur Internationale Handels GmbH Juncadella Prosegur Group Andina SA	a.	1	B
Servicios Prosegur Ltda.	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.98 0.01 0.01	Prosegur Global CIT SLU Prosegur International Handels GmbH Juncadella Prosegur Group Andina SA	a.	1	B
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567, Of. 203, Renca, Santiago	60 40	Juncadella Prosegur Group Andina SA Prosegur International Handels GmbH	a.	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Bogotá	99	Prosegur International CIT 2 SLU	a.	1	B
Compañia Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25, Bogotá	94.90 5.10 0.00 0.00 0.00	Prosegur Global CIT SLU Prosegur International CIT 1, SLU Prosegur Cash, S.A. Prosegur Servicios de Efectivo España SLU Prosegur Global CIT ROW SLU	a.	1	A
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25, Bogotá	100	Prosegur International CIT 2, SLU	a.	1	B
Prosegur Paraguay S.A.	Calle Artigas, corner of Concepción Leyes de Chávez, Asunción	99 1	Juncadella Prosegur Internacional SA Transportadora de Caudales Juncadella SA	a.	1	B
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima, Santiago de	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a.	1	A
Prosegur Cajeros S.A.	La Chira, 103, Surco, Lima	52 48	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a.	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a.	1	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998 0.0002	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a.	1	B
Grupo Mercurio de Transportes SA de C.V.	Federal District, Azcapotzalco, Sector Naval, Av De las Granjas, 76	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a.	1	B
Grupo Tratamiento y Gestión de	Federal District, Azcapotzalco, Sector	80	Prosegur Global CIT SLU	a.	3	B
Prosegur Transportadora de Caudales S.A.	Guarani 1531, Montevideo	99.91 0.09	Juncadella Prosegur Internacional SA Armor Acquisition SA	a.	1	B
Blindados, S.R.L.	Guarani 1531, Montevideo	99 1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a.	1	B

Information as of 31 December 2017 (cont.)

Business Name	Home address		Shareholding	Instance	Activity	Auditor
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building,	100	Luxpai CIT S.A.R.L.	a.	3	A
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a.	6	B
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW, SLU	a.	3	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a.	3	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd,	100	Prosegur Australia Investments PTY Limited	a.	1	A
Prosegur Services Pty Ltd (Ex-Prosegur Technology Pty Limited)	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a.	6	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St	100	Prosegur Australia Holdings PTY Limited	a.		
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95 5	Prosegur Global CIT ROW SLU Luxpai CIT SARL	a.	1	B

Activity
1 Cash activity
2 Activities included in another line of business (See Note 15 - Non-current assets held for sale) -
3 Holding Company
4 Financial services
5 Auxiliary services
6 Dormant
7 Other services

Auditor
A Audited by KPMG
B Not subject to audit
C Audited by other auditors

Information on 31 December 2016

Corporate name	Home address	Shareholding % without nominal	Shareholding Company holding the stake	Instance when it is consolidated	Activity	Auditor
Transportadora de Caudales de Juncadella, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina	94.99 5.00 0.01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a.	1	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina	95 5	Prosegur Global CIT, S.L.U Prosegur International CIT 1, S.L.	a.	3	B
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires - Argentina	95 4 1	Transportadora de Caudales de Juncadella, S Juncadella Prosegur Internacional, S.A. Prosegur Holding CIT ARG, S.A.	a.	1	A
TSR Participacoes Societarias, S.A.	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -	47.08 52.92	Juncadella Prosegur Internacional, S.A. Prosegur Global CIT, S.L.U.	a.	3	B
Prosegur Brasil, S.A. Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG -Brasil	100	TSR Participacoes Societarias, S.A.	a.	2	A
Compañia Transportadora de Valores Prosegur de Colombia, S.A.	Avda. De las Américas, 42-25 Bogotá - Colombia	94.90 5.10 0.00 0.00 0.00	Prosegur Global CIT, S.L.U. Prosegur International CIT 1, S.L. Prosegur Cash, S.A. Prosegur Servicios de Efectivo España, S.L.U. Prosegur Global CIT ROW, S.L.U.	a.	1	A
Prosegur Procesos, S.A.S.	Avda. De las Américas, 42-25 Bogotá -	100	Prosegur International CIT 2, S.L.U.	a.	1	B
Procesos Técnicos de Seguridad y Valores, S.A.S.	DG 74 # 6-51, Ciudad de Bogotá - Colombia	100	Prosegur International CIT 2, S.L.U.	a.	1	A
Compañía de Seguridad Prosegur, S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco - Perú	52 48	Juncadella Prosegur Internacional, S.A. Transportadora de Caudales de Juncadella, S.A.	a.	1	A
Prosegur Cajeros, S.A.	La Chira, 103 - Surco - Lima - Perú	52 48	Juncadella Prosegur Internacional, S.A. Transportadora de Caudales de Juncadella, S.A.	a.	1	B
Compañia Ridur 2016, S.A.	Pajaritos, 24, Madrid - Spain	100	Juncadella Prosegur Internacional, S.A.	a.	6	B
Centro Informático de Servicios de Vigo, S.A	Ru Tomas a Alonso, 5 Vigo, Spain	100	Prosegur BPO España S.L.U.	a.	1	B
MIV Gestión S.A.	Ru Tomas a Alonso, 5 Vigo, Spain	100	Prosegur Servicios de Efectivo España, S.L.U.	a.	1	B
Prosegur Servicios de Efectivo España, S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Global CIT Row, S.L.U.	a.	1	A
Prosegur Global CIT, S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Cash, S.A.	a.	3	B
Prosegur Berlín, S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Global CIT Row, S.L.U.	a.	3	B
Prosegur BPO España S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Global CIT Row, S.L.U.	a.	1	B
Armor Acquisition, S.A.	Pajaritos, 24, Madrid - Spain	5 95	Prosegur Global CIT, S.L.U. Prosegur Intenationale Handels, GmbH	a.	3	A
Juncadella Prosegur Internacional, S.A.	Pajaritos, 24, Madrid - Spain	68.79 31.21	Armor Acquisition, S.A. Prosegur Intenational Handels, GmbH	a.	3	A
Prosegur International CIT 1, S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Global CIT, S.L.U.	a.	3	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Global CIT, S.L.U.	a.	3	B
Prosegur Global CIT ROW, S.L.U.	Pajaritos, 24, Madrid - Spain	100	Prosegur Cash, S.A.	a.	3	B
Prosegur Traitement de Valeurs SASU	Rue Rene Cassin ZI de Molina - La Talaudiere - France	100	Prosegur Traitement de Valeurs EST S.A.S.	a.	1	A
Prosegur Traitement de Valeurs EST SAS	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3 - France	100	Prosegur Participations, S.A.S.	a.	1	A
Prosegur Participations SAS	1267 Ave Pierre et Marie Curie, Z.I. Secteur C - 06700 Saint-Laurent Du Var - France	100	Prosegur Global CIT Row, S.L.U.	a.	3	A
Prosegur Traitement de Valeurs Azur SA	1267 Ave Pierre et Marie Curie, Z.I. Secteur C - 06700 Saint-Laurent Du Var - France	100	Prosegur Participations, S.A.S.	a.	1	A
Prosegur Logistique de Valeurs Azur SA	1267 Ave Pierre et Marie Curie, Z.I. Secteur C - 06700 Saint-Laurent Du Var - France	100	Prosegur Participations, S.A.S.	a.	1	A
Prosegur Traitement de Valeurs Provence SAS	604 Ave du Col de l'Ange - ZA des Plaines de Jougues - 13420 Gemenos -	100	Prosegur Participations, S.A.S.	a.	1	B
Luxpai CIT, S.A.R.L.	23, Av. Monterey - 2163 - Luxembourg	100	Prosegur Global CIT Row, S.L.U.	a.	3	B
Pitco Reinsurance, S.A.	Av. Monterey, L-2163 - Luxembourg	100	Luxpai CIT SARL	a.	7	A
Malcoff Holdings, B.V.	Schouwburgplein, 30-34, Rotterdam - Holland	100	Prosegur Global CIT, S.L.U.	a.	3	B
Prosegur International Handels, GmbH	Poststrasse 33, 20354, Hamburgo - Germany	100	Malcoff Holding, B.V.	a.	3	B
Prosegur Cash Services Germany, GmbH (Ex-Prosegur, GmbH)	Kokkolastrasse 5, 40882, Ratingen - Germany	100	Prosegur Global CIT ROW, S.L.U.	a.	1	A
Prosegur Berlin SL & Co KG	Kokkolastrasse 5, 40882, Ratingen - Germany	100	Prosegur Global CIT ROW SLU	a.	1	B
Juncadella Prosegur Group Andina, S.A.	Los Gobelinos 2567, Of. 203, Renca, Santiago - Chile	99.99 0.01	Juncadella Prosegur Internacional, S.A. Armor Acquisition, S.A.	a.	3	B

Information as of 31 December 2016 (cont.)

Corporate name	Home address	Shareholding % without nominal	Shareholding Company holding the stake	Instance when it is consolidated	Activity	Auditor
Capacitaciones Ocupacionales Sociedad, Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago - Chile	78.07	Prosegur Global CIT, S.L.U.	a.	1	B
		5.00	Prosegur International CIT 1, S.L.U.			
		6.84	Prosegur International Handels, GmbH			
		10.09	Juncadella Prosegur Group Andina, S.A.			
Servicios Prosegur, Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago - Chile	99.98	Prosegur Global CIT, S.L.U.	a.	1	B
		0.01	Prosegur International Handels, GmbH			
		0.01	Juncadella Prosegur Group Andina, S.A.			
Empresa de Transportes Compañía de Seguridad Chile, Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago - Chile	60	Juncadella Prosegur Group Andina, S.A.	a.	1	B
		40	Prosegur International Handels, GmbH			
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY - Mexico	100.00	Prosegur Global CIT, S.L.U.	a.	1	B
		0.00	Prosegur International CIT 1 SL			
Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.	Distrito Federal,Azcapotzalco,Hogar y Seguridad, calle Piña-297 - Mexico	99.9998	Prosegur Global CIT, S.L.U.	a.	1	B
		0.0002	Prosegur International CIT 1 SL			
Grupo Mercurio de Transportes, S.A. de C.V.	Distrito Federal,Azcapotzalco,Sector Naval, AV De las Granjas -76 - Mexico	99.9998	Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V.	a.	1	B
Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.	Distrito Federal,Azcapotzalco,Sector Naval,calle Norte 79 B - Mexico	80	Prosegur Global CIT, S.L.U.	a.	3	B
Prosegur CIT Integral Systems India Private Limited	Regus Elegance 2F, Elegance Jasola District Centre Old Mathura Road (New Delhi)	100	Prosegur Global CIT ROW, S.L.U.	a.	1	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda	Av.Infante Dom Henrique, 326, Lisboa - Portugal	100	Prosegur Global CIT ROW, S.L.U.	a.	1	B
Prosegur Transportadora de Caudales, S.A.	Guarani 1531 - Montevideo - Uruguay	99.91	Juncadella Prosegur Internacional, S.A.	a.	1	B
		0.09	Armor Acquisition, S.A.			
Blindados, S.R.L.	Guarani 1531 - Montevideo - Uruguay	99	Prosegur Transportadora de Caudales, S.A.	a.	1	B
		1	Prosegur Global CIT, S.L.U.			
Prosegur Paraguay, S.A.	Calle Artigas, corner of Concepción Leyes de Chávez- Asunción - Paraguay	99	Juncadella Prosegur Internacional, S.A.	a.	1	B
		1	Transportadora de Caudales de Juncadella, S			
Prosegur Australia Holdings PTY, Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia	100	Prosegur Global CIT ROW, S.L.U.	a.	3	B
Prosegur Australia Investments PTY, Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia	100	Prosegur Australia Holdings PTY, Limited	a.	3	B
Prosegur Australia Pty, Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia	100	Prosegur Australia Investments PTY, Limited	a.	1	A
Prosegur Technology Pty, Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia	100	Prosegur Australia Holdings PTY, Limited	a.	6	B
Singpai Pte, Ltd	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai Holdo, S.A.R.L.	a.	3	A
Prosec Cash Services Pte, Ltd	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte, Ltd	a.	6	B

Instance when it is consolidated

a. If the investee company is controlled, consolidated by the global integration method.
b. Existence of significant influence, consolidation by the equity method.

Activity

1. Activities of the Cash business group.
2. Activities included in another line of business (See Note 15 - "Non-current assets held for sale")
3. Holding Company
4. Financial services
5. Auxiliary services
6. Dormant
7. Other services

Auditor:

A. Audited by KPMG.
B. Not subject to audit.
C. Audited by other auditors.

APPENDIX II. - Details of the Joint Agreements

Information on 31 December 2017

Business Name	Home address	Shareholding % of Nominal	Shareholding Shareholding Company	Instance when it is consolidated	Activity	Auditor
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Singpai Pte Ltd	b	2	B
SIS Prosegur Holdings Private Limited		100.0	SIS Cash Services Private Ltd	b	2	
SIS Prosegur Cash Logistics Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001,Bihar, India	100.0	SIS Cash Services Private Ltd	a.	2	
SBV Services Proprietary Limited	No. 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg	33.3	Prosegur Global CIT ROW SLU	b	5	B
SBV Services Namibia Proprietary Limited		100.0	Via: SBV Services Proprietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo - South Africa	100.0	Via: SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo - South Africa	100.0	Via: SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo - South Africa	100.0	Via: SBV Services Proprietary Limited	b	1	A

Information on 31 December 2016

Company	Registered offices	% ownership	Participation Company holding the investment	Basis of consolidation	Activity	Auditor
SIS Cash Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001,Bihar, India	49	Singpai Pte, Ltd	b	1	B
SIS Prosegur Holdings Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001,Bihar, India	100	SIS Cash Services Private Limited	b	1	B
SBV Services Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, South Africa	33.33	Prosegur Global CIT ROW SLU	b	1	A
Standard Betrieb Virtschaft Services Limited (SBV Nigeria)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, South Africa	50	SBV Services Proprietary Limited	b	1	A
SBV Services Namibia Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited 97.93% filial de SBV Nigeria	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johanesburgo, South Africa	97.93	Standard Betrieb Virtschaft Services Limited (SBV Nigeria)	b	1	A

Instance when it is consolidated

a. If the investee company is controlled, consolidated by the global integration method.
b. Existence of significant influence, consolidation by the equity method.

Activity

1. Activities of the Cash business group.
2. Activities included in another line of business (See Note 15 - "Non-current assets held for sale")
3. Holding Company
4. Financial services
5. Auxiliary services
6. Dormant
7. Other services

Auditor:

A. Audited by KPMG.
B. Not subject to audit.
C. Audited by other auditors.

APPENDIX III. – Summarised financial information on Joint Ventures

Information on 31 December 2017

Thousands of euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information from financial statement					
Non-current assets	12,725	10,936	98,983	1,608	**124,252**
Non-current liabilities	(7,708)	-	(41,746)	(38)	**(49,492)**
Total net non-current assets	5,017	10,936	57,237	1,569	74,759
Current assets	**15,597**	**18,292**	**30,074**	**(1,189)**	**62,774**
Cash and cash equivalents	3,270	(4,496)	3,992	271	**3,037**
Current liabilities	**(9,192)**	**(20,095)**	**(29,214)**	**(222)**	**(58,723)**
Current liabilities	-	-	-	-	**-**
Total net current assets	6,404	(1,803)	860	(1,411)	4,051
Net assets	**11,422**	**9,133**	**58,097**	**158**	**78,810**
Percentage of share	49%	49%	33%	33%	
Share in net assets	5,597	4,475	19,152	53	**29,277**
Carrying value of share	5,597	4,475	19,152	53	**29,277**
Information from profit and loss account					
Revenue	24,050	20,308	207,784	-	252,142
Costs to sell	(24,379)	(21,598)	(204,015)	-	(249,992)
Impairment of shares by equity method	-	-	-	-	-
Depreciation and amortisation	(1,068)	(827)	(1,902)	-	(3,797)
Finance expenses	(525)	(231)	(5,362)	-	(6,118)
Expenses (income) for tax on profit	58	80	532	-	670
Yearly profit from continuing operations	(795)	(1,442)	(1,060)	-	(3,297)
Income tax expense (income) of the activities					**-**
Profit/loss for the year	**(795)**	**(1,442)**	**(1,060)**	**-**	**(3,297)**
Profit or loss from the posted investments using the equity method	**(390)**	**(706)**	**(350)**	**-**	**(1,446)**

Information as of 31 December 2016

Thousands of euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information from financial statement					
Non-current assets	14,663	12,026	84,019	206	**110,914**
Non-current liabilities	-	-	(50,966)	(8)	**(50,974)**
Total net non-current assets	14,663	12,026	33,054	197	59,940
Current assets	**16,038**	**19,596**	**40,450**	**(4)**	**76,080**
Cash and cash equivalents	2,198	10,883	19,809	-	**32,890**
Current liabilities	**(16,723)**	**(20,685)**	**(23,453)**	**-**	**(60,861)**
Current liabilities	-	-	-	-	**-**
Total net current assets	(685)	(1,089)	16,997	(4)	15,219
Net assets	**13,978**	**10,937**	**50,051**	**194**	**75,159**
Percentage of share	49%	49%	33%	33%	
Share in net assets	6,849	5,359	16,682	65	**28,955**
Carrying value of share	6,849	5,359	16,682	65	**28,955**
Information from profit and loss account					
Revenue	24,147	18,766	134,070	(47)	176,936
Costs to sell	(26,759)	(19,654)	(139,199)	(205)	(185,817)
Impairment of shares by equity method	-	-	-	-	-
Depreciation and amortisation	(1,740)	(1,055)	-	-	(2,795)
Finance expenses	(608)	(394)	(4,825)	5	(5,822)
Expenses (income) for tax on profit	58	79	3,033	-	3,170
Yearly profit from continuing operations	(3,163)	(1,203)	(6,922)	(247)	(11,533)
Income tax expense (income) of the activities					**-**
Profit/loss for the year	**(3,163)**	**(1,203)**	**(6,922)**	**(247)**	**(11,535)**
Profit or loss from the posted investments using the equity method	**(1,550)**	**(590)**	**(2,307)**	**(82)**	**(4,529)**

PROSEGUR CASH, S.A. AND SUBSIDIARIES

Consolidated management report for reporting year 2017

Contents

Consolidated management report for reporting year 2017

This management report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of management reports of listed companies, published by the CNMV.

1. Position of the company

Prosegur Cash, S.A. was incorporated as a sole proprietorship limited liability company in accordance with Spanish law on February 22, 2016 and subsequently converted into a public limited company on 21 September 2016.

The Prosegur Cash Group was created by the spin-off of the Prosegur Group's Cash business unit, which was carried out through the non-monetary contribution of entities under common control of the Prosegur Group.

The Prosegur Cash shares were admitted to trading on 17 March 2017 at a price of 2 euros per share on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. They are traded on the Spanish Stock Market Interconnection System (Mercado Continuo) (SIBE).

On 7 April 2017, the stabilisation period (Green Shoe) of the IPO process was concluded, with 27.5% of the Prosegur Cash shares reaching floating capital.

The Prosegur Cash Group is present in the following countries: Spain, Portugal, France, Luxembourg (in spite of not being a jurisdiction where there is operational activity, it is included as a result of the Luxembourg company Pitco Reinsurance, S.A. with the corporate purpose of insurance coverage), Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore (in spite of not being a jurisdiction where there is operational activity, it is included as a consequence of the Singapore company Singpai Pte Ltd with the corporate purpose of administrative coverage), India, Australia and South Africa.

1.1 Business model

Prosegur Cash provides services ranging from the basics of securities logistics and cash management to the outsourcing of high added value services. It mainly includes transportation, storage, custody, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk. The activity is mainly focused on the banking and distribution sectors.

Prosegur Cash's business lines are the following:

- **Transportation:** Local and international transportation services by land, sea and air of funds and other high-value goods such as jewellery, works of art, precious metals, electronic devices, pharmaceutical products, ballots and judicial evidence, among others. These services include the collection, transportation, custody, delivery and deposit in security chambers.

- **Cash Management:** This covers counting, processing, conditioning, custody, packaging and delivery of bills and coins, and cashpoint filling services.

- **New Services:** Includes:

    - Automation of payments in shops using self-service cash machines, including, amongst others, devices for cash entry, recycling and dispensing of coins and bills, and payment of bills.
    - Comprehensive management of cashpoints, including the planning, supervision, first and second level maintenance, and balancing processes; and
    - Added value outsourcing services (AVOS) for financial institutions, including planning the needs of the bank branches, reconciliation and balancing, and credit card support services.

The mission, vision and values of Prosegur Cash reveal its aspirations and challenges and define the company's way of living.

Purpose

Our Purpose is to facilitate business worldwide.

Mission

Our mission, or reason for being (what we work for every day), is to generate value for our shareholders, clients and society, offering comprehensive cash management solutions and adjacent activities, incorporating the most advanced technology and counting on the talent of the best professionals.

Vision

Our Vision (the goal we want to achieve at Prosegur Cash) is to be the leader (agile and efficient) of the sector in emerging markets through the consolidation of the industry and its transformation, capturing the third wave of outsourcing in financial institutions.

Values

Finally, our values (the way of acting that differentiate us) contain the beliefs that guide our behaviour. They reflect the way we are, the way we behave and the way we work for our customers: Proactivity; Value creation; Customer orientation; Transparency; Excellence; Leadership; Teamwork and Brand.

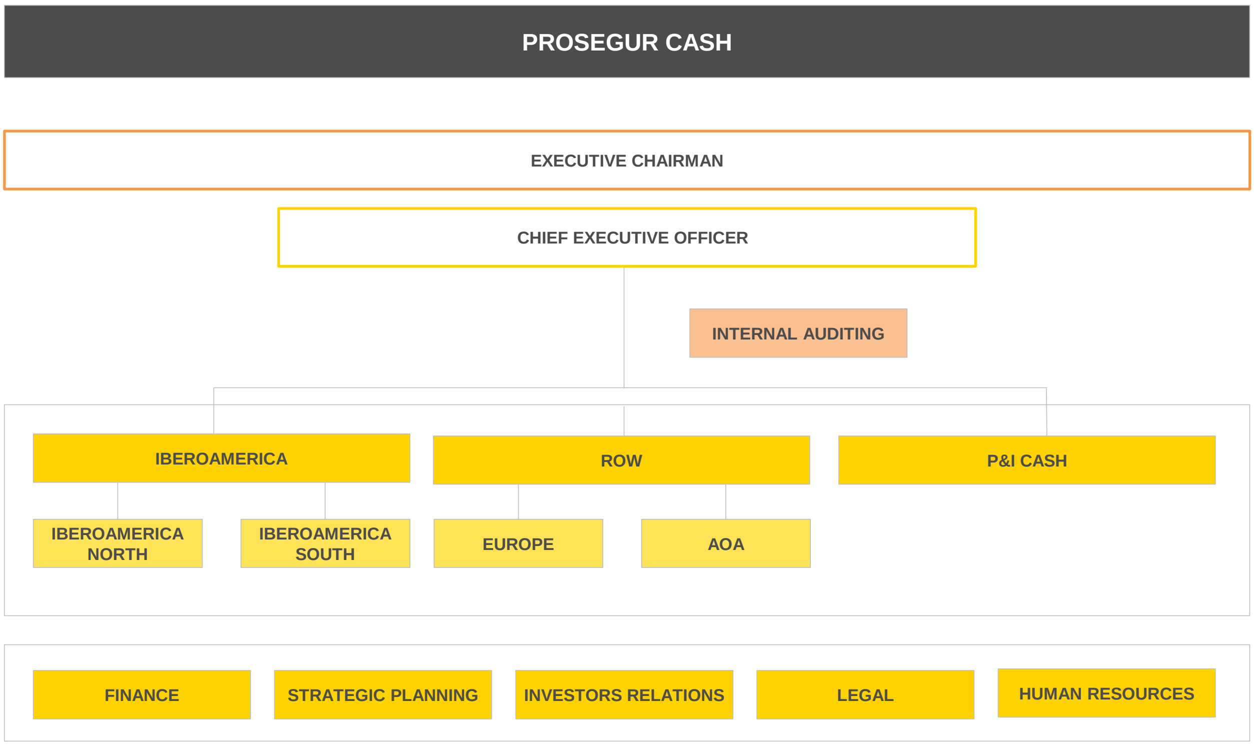
1.2 Organisational structure

The Group's organisational structure is designed to improve business processes and offer added value to our clients each and every day. Its flexibility allows for a permanent adaptation to an ever-changing environment and the development of Prosegur Cash group as a business group.

The Business Divisions are divided into three geographical segments, Europe, Asia-Oceania-Africa (AOA) and Ibero-America and a fourth Innovation and Productivity Division that provides an agile and efficient structure that is fully focused on the client, adapting to the different needs of the clients and the innovation of the products.

The corporate duties are supervised by the Global Support Offices that cover the Finance, Human Resources, Investor Relations, Legal and Strategic Planning areas.

The organisation of the Prosegur Cash Group is shown in the table below:



The Board of Directors is the highest management body and the ultimately responsible for decision-making on operations and review of internal financial information with a view to evaluating results and allocating resources.

Changes in the composition of the Group

Changes that took place in the composition of the Prosegur Cash Group during the 2017 reporting period were mainly as a result of the following acquisitions:

- On 17 February 2017, Prosegur acquired 100% of Cash Services Australia Pty Limited, an Australian security company that provides outsourcing services. The total purchase price was AUD 2,998 thousand (equivalent on the purchase date to EUR 2,171 thousand).
- On 14 September 2017, Prosegur acquired 100% of the Contesta Group in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand.
- In 2017, Prosegur acquired a series of assets and security companies in Ibero-America that provide securities logistics and cash management services. The total purchase price was EUR 32,360 thousand.

In 2017, the following company was incorporated:

- In October 2017 SIS Prosegur Cash Logistics Private Limited was incorporated in India.

The following company was liquidated in 2017:

- In October 2017, Centro Informático de Servicios de Vigo, S.A. was liquidated in Spain.

In 2017, almost all of the Brazil security business was sold (with the exception of four regions whose sale is expected to be completed in the first half of 2018) (Note 15 of the consolidated annual accounts).

Furthermore, the following mergers took place between subsidiaries in 2017:

- In October 2017, the merger by absorption of Servicios de Efectivo de Perú, S.A., was formalised in Peru by Compañía de Seguridad Prosegur, S.A.
- In November 2017, the merger by absorption of TC Interplata, S.A., was formalised in Argentina by Transportadora de Caudales Juncadella, S.A.

1.3 Operation

Prosegur Cash operates in a constantly evolving competitive environment. The company must not only respond to client's new needs, but must also anticipate and address the challenges that they pose every day. To this end, Prosegur Cash prepares triennial strategic plans in which it establishes a series of qualitative as well as quantitative targets. In this way, the organisation always maintains coherence with its vision of generating long-term value.

In 2017, Prosegur Cash finalised the implementation of its 2015 - 2017 Strategic Plan with a series of achievements associated with six strategic objectives.

Quantitative objectives:

- **Growth:**
  - ✓ Emphasise growth in new business volume.
  - ✓ Maintain a firm commitment with the development and sale of new products.
  - ✓ Promote the specialisation of managers.

- **Indirect Costs Management:**
  - ✓ Simplify the decision making process and create a more streamlined organisation.
  - ✓ Reduce the weight of indirect costs.

- **Cash Management:**
  - ✓ Maintain the cash generation pace and its conversion with respect to EBITA.

Qualitative objectives:

- **Manage at Delegation Level:**
  - ✓ Continuously measure the quality level of the services and customer satisfaction.
  - ✓ Offer value focused on the needs of the client.
- **Operational efficiency:**
  - ✓ Continue with the Kaizen Project in its aspect of operational improvement.
  - ✓ Continue promoting expertise centres implementing best practices in all countries.
- **Process Simplification:**
  - ✓ Build a more agile Group, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making and being supported by the KISS (Keep It Super Simple) project.

As a result of the results achieved by the 2015 - 2017 Plan, Prosegur Cash is prepared to face the new challenges that are being posed for the 2018 - 2020 Strategic Plan.

To fulfil the Strategic Plan, Prosegur Cash aims to accelerate its growth in a profitable manner, benefiting from the third wave of outsourcing and the possible consolidation of the sector. Along these lines, the company has decided to commit itself to the sale of new products, especially those that have to do with the automation of retail, the comprehensive management of ATM's and value-added services for the financial sector. In the same way, it wants to continue playing a key role in the consolidation of the sector, to strengthen not only its existing position but also to create the necessary platforms for its future expansion.

This strategy, called ACT, has three fundamental pillars, which are Agility (A), Consolidation (C) and Transformation (T):

Agility (A) must be understood as the ability to be fast and efficient in the operations and in terms of the execution of the strategy. The company intends to continue growing in the markets where operates and to promote a level of operational excellence that will allow the company to continue improving profitability.

Consolidation (C) should help the company capture a greater number of synergies in the markets and enter new markets that allow the company to continue growing in the future.

Transformation (T) means developing new products with greater added value, which gradually take over from the more traditional ones.

Furthermore, an easy going, efficient corporate team has been created, which is committed to digital transformation to attend to and support the different business needs.

2. Business performance and results

2.1 Fundamental indicators of financial and non-financial character

(Millions of Euro)	2017	2016	Variation
Sales	**1,924.3**	**1,724.3**	**11.6%**
EBITDA	**512.9**	**447.2**	**14.7%**
Margin	26.7%	25.9%	
Property, plant and equipment depreciation	(51.2)	(47.1)	
Other intangible depreciation	(16.7)	(14.7)	
EBIT	**445.0**	**385.4**	**15.5%**
Margin	23.1%	22.4%	
Financial results	**(0.7)**	**(9.2)**	
Profit before tax	**444.3**	**376.2**	**18.1%**
Margin	23.1%	21.8%	
Tax	**(139.9)**	**(149.9)**	
Tax rate	(31.5%)	(39.9%)	
Net income from continued operations	**304.4**	**226.2**	**34.6%**
Net income from discontinued operations	0.5	(47.3)	
Net profit	**304.9**	**178.9**	**70.4%**
Minority interests	0.0	(0.6)	
Consolidated net profit	**304.9**	**178.3**	**71.0%**
Basic profit per share	**0.2**	**0.3**	

The adjusted EBIT arises as a consequence of isolating the effects of the corporate restructuring. The impact on EBIT from this item amounts to EUR 84.8 million, mainly consisting of the sale of certain Prosegur registered trademark to Prosegur, and the sale of its investee Ridur, S.A. as explained in Note 6 of the consolidated annual accounts.

In 2016, the impact on EBIT associated with revenue from the trademark sold in 2017, with operational real estate sold in 2016 to Prosegur Group and with the real estate investments also sold in 2017 was EUR 66.1 million.

Without the aforementioned extraordinary impacts (not assignable to Cash activities), the income statement would be as below:

	Adjusted	Adjusted	Adjusted
(Millions of Euro)	2017	2016	Variation
Sales	**1,924.3**	**1,724.3**	**11.6%**
EBITDA	**428.1**	**382.3**	**12.0%**
Margin	22.2%	22.2%	
Property, plant and equipment depreciation	(51.2)	(47.2)	
Other intangible depreciation	(16.7)	(14.7)	
EBIT	**360.2**	**320.4**	**12.4%**
Margin	18.7%	18.6%	
Financial results	**(0.7)**	**(30.2)**	
Profit before tax	**359.5**	**290.2**	**23.9%**
Margin	18.7%	16.8%	
Tax	**(123.5)**	**(105.5)**	
Tax rate	(34.3%)	(36.3%)	
Net income from continued operations	**236.0**	**184.7**	**27.8%**
Net income from discontinued operations	0.0	0.0	
Net profit	**236.0**	**184.7**	
Minority interests	0.0	(0.6)	
Consolidated net profit	**236.0**	**184.1**	**28.2%**
Basic profit per share	**0.2**	**0.1**	

Consolidated sales of the Prosegur Cash Group during 2017 amounted to EUR 1,924.3 million and increased by 11.6%.

The EBIT/Sales margin of 23.1% demonstrates the Group's ability to maintain the profitability of the business in spite of the impact of amortisations derived from new business acquisition operations.

The net result increased by 70.4% as a result of the strength of the margins, the proactive management of the treasury and a lower tax rate, associated with a lower corporate restructuring activity. Furthermore, the sale of the brand and the sale of one of its investees ("Ridur, S.A.") has reported extraordinary revenue of 85.9 million euros and this, together with the reduction of the losses of interrupted activities from our Security business in Brazil, has also contributed to the improvement.

Sales by region

The total growth of sales is above the nominal GDP of the countries in which Prosegur Cash Group operates. This improvement is due partially to the experience acquired in each market throughout the years.

The following table provides a breakdown of consolidated sales by region:

(Millions of euro)	2017	2016	Variation
Europe	465.4	455.3	2.2%
AOA	99.3	91.1	9.0%
Ibero-America	1,359.6	1,177.9	15.4%
Total Prosegur Cash	**1,924.3**	**1,724.3**	**11.6%**

The increase in sales in the three geographies is due to various reasons. Ibero-America continues with healthy organic growth, which has more than offset the negative impact of the currency. Europe, despite a worse performance than expected in France, continues maintaining a growth rate aligned with the development of the countries where it operates. Finally, the AOA region improved its performance compared to the previous year based on the greater contribution from new companies acquired at the end of 2016 and the beginning of 2017.

Sales by business area

Aggregated consolidated sales are distributed by business area as follows:

	Europe			AOA			Ibero-America			Total		
(Millions of euro)	2017	2016	Variation	2017	2016	Variation	2017	2016	Variation	2017	2016	Variation
Transportation	260.3	263.7	(1.3%)	53.7	53.7	0.0%	954.8	854.7	11.7%	1,268.8	1,172.1	8.3%
% total	55.9%	57.9%		54.1%	58.9%		70.2%	72.5%		65.9%	68.0%	
Cash management	150.9	150.6	0.2%	36.0	35.2	2.3%	302.1	255.2	18.4%	489.0	441.0	10.9%
% total	32.4%	33.1%		36.2%	38.7%		22.2%	21.7%		25.4%	25.6%	
New products	54.2	41.0	32.2%	9.6	2.2	336.4%	102.7	68.0	51.0%	166.5	111.2	49.7%
% total	11.7%	9.0%		9.7%	2.4%		7.6%	5.8%		8.7%	6.4%	
Total	**465.4**	**455.3**	**2.2%**	**99.3**	**91.1**	**9.0%**	**1,359.6**	**1,177.9**	**15.4%**	**1,924.3**	**1,724.3**	**11.6%**

The Transportation business has increased its sales figure by 8.3%, supported mainly in the Ibero-America region, where sales have increased by 11.7%.

The Cash Management business has increased its sales by 10.9%, mainly in the Ibero-America region, with an increase of 18.4% and in the AOA region with an increase of 2.3%.

In relation to the New Products business, the sales figure has increased in all geographies, with a total increase of 49.7%, supporting this growth on the good performance of the MAEs, mainly in Ibero-America, on the AVOS business in Europe, and on theATM's, MAE's and International Transportation businesses in AOA.

Analysis of management in 2017

Prosegur Cash has completed its first year as a listed company since its flotation in March 2017. During this period, the performance can be considered more than positive, since despite the uncertainty about some Iberoamerican economies, the company has improved its results on the previous year. It has also reinforced its geographical and product positioning through specific acquisitions in Australia, Spain and several Iberoamerican countries.

At a consolidated level, sales of Prosegur Cash have benefited from solid organic growth and a currency impact that was not as negative as in previous years, which made it possible to capture most of the nominal growth of the economies where the company operates. In terms of EBIT margin, the improvement in profitability continues, despite the negative effect of the currency, certain cost optimisation initiatives that has been launched in some of its geographies and some adverse competitive dynamics that has been experienced in countries such as France.

In relation to sales, growth in Ibero-America has been affected by the depreciation of the main currencies of the countries where the company operates, especially the Brazilian real and the Argentine peso. However, the strong organic growth experienced by the region in local currency, supported mainly by an improvement in volumes managed, and the implementation of efficiency and cost optimisation programmes, have boosted operating income above previous year levels, both in absolute terms and margin.

The improvement of the Brazilian economy, which officially abandoned the recession in mid-2017, and the economic normalisation in Argentina, which have accelerated the real growth of its economy, have contributed to improving confidence in two of the main markets, which has also benefited the performance of the company's operations.

During this period, the company has undertaken the timely acquisition of certain assets that are considered key to consolidate the Group's presence and improve the competitive position in the region.

The Europe region has increased its sales compared to the previous year, supported by organic growth in all of its countries except France. Despite the good performance in terms of sales, the operating result decreased with respect to the previous year as a result of the competitive pressures in France.

The soundness of the economies of Spain and Germany, main markets in the Europe region, has positively contributed to the results obtained, since they have barely been influenced by political uncertainty during the period, such as the political instability in Catalonia.

Within inorganic growth, it should be noted that in 2017 the company acquired the Contesta front office AVOS company in Spain, with the aim of promoting the Prosegur AVOS business unit. The acquisition of this company, founded in 2001, and that currently has 650 employees, will complement the existing platform both in terms of type of services and customer portfolio.

Last but not least, the AOA region has reported a sizeable increase in sales during the period thanks to the M&A in Australia, aided by favourable exchange rate fluctuations. The Australian market is a fiercely competitive area, requiring us to adapt accordingly and offer a suitable response or risk losing clients. The operating result has worsened compared to the previous year as the improvement experienced in the operations of India and South Africa has not offset the deterioration suffered in Australia, as a result of the loss of a client whose impact has been noticed during the last months of the year. Although a large part of the volume has recovered thanks to intense commercial activity, its effects have not yet been felt in the completed year.

In India, the company's growth strategy is focused on quality clients, and client portfolio optimisation programs are starting to pay off.

Similarly, in South Africa, the identification and implementation of best practices as a result of the operations improvement processes have significantly reduced the losses of the partially acquired company at the beginning of 2016.

In terms of cash generation, free cash flow, the company has managed to improve its generation in absolute terms, based on a better result and strict control of the main levers that affect it, such as the control of the average client collection period and the detailed analysis of investment projects, to ensure the proposed return.

As a result of the cash generated, the company has reduced its leverage levels with respect to the previous year, despite having allocated part of the cash generated to acquisitions and the payment of the first instalment of the interim dividend, which was approved last December in line with the dividend policy published after the flotation.

In addition, in March 2017, the company obtained the BBB credit rating from Standard & Poor's with a stable outlook, placing it at a level above investment grade, attesting to its financial strength and endorsing its strict borrowing policy.

Furthermore, at the end of 2017, the company decided to access the capital market to issue a fixed-rate bond for EUR 600 million with the aim of refinancing part of the existing bank debt. In this sense, the operation has allowed the company to extend the average life of its debt, diversify its sources of financing, gain flexibility to undertake its development projects and provide greater stability to the cost of financing.

Commercial information

Prosegur Cash Group services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing the optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is contracting a value added and responsible security service.

Prosegur Cash Group continuously renews its offer and develops new products. The company has promoted the development of a computing platform that supports the activity of AVOS (Added Value Outsourcing Services). This environment combines process control tools, which can be adapted to the customer's needs, with digital channels and document management tools. Additionally, the company has continued to promote the development of new cash automation solutions (MAEs) with special emphasis on the front-office of stores. Likewise, the company has automated the control and improved its value date solutions in which the cash deposited in the machine is available in the retailer's account regardless of its collection.

Investments

The investments of Prosegur Cash Group are analysed in every case by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. They are then laid before the investment team for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to the Prosegur Cash Management for approval.

Amortisation provisions totalled EUR 67.9 million in 2017 (in 2016: EUR 61.8 million). This amount corresponds to property, plant and equipment amounting to EUR 47.9 million (in 2016: EUR 43.6 million), computer applications amounting to EUR 3.3 million (in 2016: EUR 3.5 million) and other intangible assets amounting to EUR 16.7 million (in 2016: EUR 14.7 million).

Details of total investments analysed by the investment team in 2017 are shown below:

(Millions of euros)	**2017**
First quarter	23.2
Second quarter	15.8
Third quarter	31.6
Fourth quarter	21.1
Total	**91.7**

During 2017, EUR 97.8 million was invested in property, plant and equipment (in 2016: EUR 89.8 million). Moreover, investment in computer applications amounted to EUR 7.0 million (in 2016: EUR 5.4 million).

3. Non-Financial Information

Prosegur Cash is aware that its position as a global leading company that provides logistics and cash management services and outsourcing of services gives it the responsibility of working to raise the standards of the sector in all the environments in which it operates. Performance in aspects such as the reduction of its environmental impact, the generation of quality employment, the health and safety of its workers, regulatory compliance, respect for human rights and good governance represent the clearest example of its commitment.

Formal policies and procedures have been established under the framework of the Prosegur Cash management system, 3P Policies. The 3P System allows us to have internal rules and a common language for services and processes. It makes it easier to standardise and provide services focussed on meeting the required quality level and also to efficiently manage resources and continually improve processes.

In relation to environmental and social issues, personnel, respect for human rights and the fight against corruption and bribery, the following policies and procedures are noteworthy:

• Prosegur Cash CR Policy.
• Environmental Management Policy.
• HR Decalogue.
• Human Resources General Management Policy.
• General policy for discrimination and harassment complaints.
• Occupational Health and Safety Policy.
• Security and associated policies decalogue.
• Prosegur Cash Code of Ethics and Conduct.
• General Procedure for the whistleblowing Channel.

3.1 Environmental issues

KPI's	Results
Direct CO_2 emissions	43,368.65 T
Indirect CO_2 emissions	11,908.89 T

Prosegur Cash has a 3P policy or general regulation, which is mandatory for all employees aligned in countries and businesses that have a locally defined environmental policy to ensure compliance with applicable environmental legislation. The Prosegur Cash Management establishes the need to evaluate risks and adopt measures to minimise them, as well as setting annual targets to reduce the impact of their activities on the environment. The Management promotes the adoption of the international ISO 14001 standard.

For Prosegur Cash, the main environmental impact is related to the consumption and generation of waste of the following materials: absorbent and filtering materials, cleaning cloths and protective clothing contaminated by hazardous substances such as vehicle oils, toner consumption, fluorescent lights, paper, operational plastics and fuel consumption and greenhouse gas emissions of the armoured vehicle fleet and the consumption of energy in the operational bases of cash management machines.

As of 31 December 2017, the company's direct and indirect CO_2 emissions in the nine most relevant countries were 43,368.65 T and 11,908.89 T, respectively.

At country level, the consumption and generation of waste associated with the company's business model are monitored. Each country sets annual actions and targets to minimise this impact. The Management of Prosegur Cash also promoted the following actions in the last year:

a) 3P Policy for the management of the armoured fleet, including the assessment of consumption efficiency and the programmes for the acquisition and withdrawal of vehicles from the armoured fleet. This policy promotes the corporate development of tools for the control of fuel consumption.

b) Continuity of awareness campaigns to reduce water consumption in headquarters and bases.

c) Continuity of energy efficiency programmes in operational bases, promoting the installation of efficient lighting devices (LEDs), as well as through the dissemination of environmental awareness campaigns.

d) Digitalisation program, in which supplier contracts can be digitised, resulting in a reduction of paper consumption.

e) Centralisation in each country of hiring approved waste managers to ensure compliance with legal requirements.

On 31 December 2017, Prosegur Cash had no environment-related contingencies, legal claims or income and expenses relating to the environment. There have been significant reductions in electricity consumption at headquarters and bases due to the energy efficiency programmes, as well as a reduction in paper consumption.

3.2 Social and occupational issues

KPI's	Results
Average headcount	57,303
Workforce at year-end	56,873
Disabled operating staff in Spain (>33%)	29
Total disabled staff	488
Percentage of women on the workforce	19%
Training hours	315,971 hours
Union membership	29%
Collective bargaining agreement coverage	79%

Taking into account the growth strategy implemented globally in recent years, Prosegur Cash generates employment in the markets where it is present.

The Prosegur Cash workforce closed 2017 with 56,873 employees (in 2016: 56,305 employees), which means an increase of around 1%.

Over the last four years the average workforce has grown as follows:

Workforce	2014	2015	2016	2017
Direct	42,675	47,816	53,849	54,665
Indirect	1,240	1,523	2,456	2,638
Total Prosegur Cash	**43,915**	**49,339**	**56,305**	**57,303**

The growth of the workforce relative to invoicing over the past five years was as follows:

Number of persons per million billed	2014	2015	2016	2017
Direct	25.7	27.4	28.0	28.4
Indirect	0.7	0.9	1.3	1.4

The percentage of women continues to increase gradually and has already reached 19 percent of the total number of workers in 2017. Additionally, the total number of staff with disabilities is 488 employees, 29 of them with a disability greater than 33 percent.

Selection

One of the main reasons why Prosegur Cash has historically been consolidated as one of the main global cash in transit services groups has been the selection of personnel. For this reason, Prosegur Cash guarantees its workforce that it will fulfil the employment and social security obligations.

Trust and responsibility are qualities that must characterise the people who work at the client's facilities, guaranteeing not only the effectiveness of Prosegur Cash personnel but also their honesty, responsibility, and psychological maturity.

Therefore, a constant priority for Human Resources Management is the continuous improvement of the selection processes that make it possible to identify the most suitable person for a position within Prosegur Cash.

Training

Prosegur Cash, as a benchmark in the field of securities logistics and cash management, and due to the importance of its role, offers quality work, where the qualification and the degree of specialisation of its professionals is one of the main aspects that sets it apart. In total, we gave 316 thousand hours of training in 2017, which is an average of 8 training hours per employee. About 88 percent of the hours correspond to the training of operational positions in areas such as the Code of Ethics and Conduct, the prevention of occupational risks, armed training and the professional security career.

Through its online platform, the Prosegur Corporate University, Prosegur Cash offers a virtual space in which professionals share knowledge, experience the values of society, develop their talent and specialise through a common culture. Prosegur Cash also offers a differential and homogeneous catalogue of courses on this online platform as part of the plans for the professional development of employees.

During 2017, the scope of Prosegur Corporate University was extended to three new countries, already being present in thirteen countries in which the company operates. This year, new training content and functions have been included that allow the Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values characteristic of Prosegur Cash.

Occupational including of people with intellectual disabilities

Prosegur Cash promotes the integration of people with an intellectual disability in the market, offering them a more stable future through employment. In the most representative Prosegur Cash offices, a Work Insertion Plan for People with Intellectual Disabilities was implemented, with new professionals from this group joining the teams of different countries. The number of employees with disabilities in 2017 was 488. The target is to fully integrate employees with disabilities in the company.

Employment Relations

Prosegur Cash manages occupational relations locally, taking into account the particularities of each market and, above all, the legislation in force in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and the applicable laws in the countries in which it operates, the company respects the right to union freedom, association and the collective bargaining of its employees.

Free speech with unions is constant and essential. The company holds periodic meetings with all the legitimate representatives of the workers in the geographical areas in which it is present, listening to them, sharing information and searching for common targets. In fact, more than 29 percent of the workforce belong to unions, and the collective bargaining agreements that have been signed cover more than 79 percent of the total number of employees. These figures are higher than the average for the main companies in the sector.

Workplace Health and Safety

KPI’s	Results
Employee health and safety training	45,407 training hours
Number of fatal accidents	Fatality rate of 0.52 for every 10,000 employees
Accident rate	(3.30)

Prosegur Cash works in compliance with industry standards regarding occupational risk prevention. It invests in specific training related to "risks by activity and job, emergency measures and inspections" and in the analysis of accidents that have occurred. The company wants to ensure that employees work in safe, adequate environments and have the necessary resources to safely do their job.

- **Training**: One of the reasons why health and safety indicators have continued to improve in 2017 is the quality and effort invested in the training hours given to employees in this area. As a result, Prosegur Cash has managed to raise awareness and improve the skills and abilities of employees to take on the risks they face in their daily work, in particular driving vehicles.

  In 2017, Prosegur Cash gave a total of 45,407 hours of health and safety training. Health and safety training has mainly focused on training with the Prosegur Corporate University, the Occupational Risk Prevention modules for operating staff and the specific modules in areas such as personal defence and emergency situations.

- **Tracking:** Prosegur Cash has established internal and external communication protocols for occupational accidents to monitor and investigate accidents and for continuous improvement. It has also established a work methodology that allows a specific evaluation of health and safety conditions. Prosegur Cash also has workplace health and safety committee meetings where actions for the prevention of occupational risks are regularly and periodically reviewed.

- **Technological innovation:** Prosegur Cash provides employees with the most advanced technologies available and all its innovative effort to take on the intrinsic risks of the jobs of its employees, and thus deter external threats, especially in the risks related to attacks to our employees and armoured vehicles, or in our cash custody bases. The objective of the company is to achieve "zero accidents", despite the intrinsic difficulty of the business in which Prosegur Cash operates. Thanks to the effort made in terms of health and safety, in 2017 the accident rate stood at 3.30 (number of occupational accidents per hours worked according to the parameters of the Occupational Health and Safety Administration). In addition, the company has managed to maintain a rate of 0.52 fatalities per 10,000 employees, similar to the figure for the previous year. This value is equivalent to that of the main companies in the industry worldwide.

3.3 Anti-corruption and bribery issues

KPI’s	Results
Percentage of indirect employees with training in the code of ethics	90%

Ethics and Compliance

Ethical behaviour and compliance with regulations are essential and especially critical aspects for various reasons intrinsic to the activity of Prosegur Cash:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal assets are managed.
- They work not only to safeguard the integrity of clients, but to protect and assist society as a whole.

All members of the governing bodies, managers and staff of Prosegur Cash have a commitment to ethical performance and strict regulatory compliance when doing their job. This commitment is brought together through common principles and standards, which also affect relationships with the group of stakeholders affected by their activity: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

Prosegur Cash maintains a "zero tolerance" position for any breach or irregularity.

Prosegur Cash applies the most stringent criteria to comply with the obligations set by law and actively works to set the highest standards of compliance in its sector. In this regard, accuracy in the definition of control mechanisms and prevention of irregular or illegal practices is essential, especially in areas with more risk.

Corporate Compliance Programme

The Prosegur Cash Corporate Compliance Programme envisages control measures designed to mitigate or eliminate the risk of breaching applicable law and regulations when going about its business. It covers any legal aspect that may involve Prosegur Cash, although it focuses primarily on the prevention of money laundering, the defence of competition, crime prevention and compliance with securities markets regulations.

The Compliance Programme has been approved by the Prosegur Cash Board of Directors and is overseen by the Compliance Committee, which acts with full autonomy and independence and reports directly to the Audit Committee. This committee is made up of representatives from the Legal, Economic-Financial and Human Resources divisions. The Company also has compliance offers in all the countries in which it operates. They are in charge of implementing the Compliance Programme in each of the countries for which they are responsible and for ensuring proper compliance with the regulations applicable in each geographical area, such as the prevention of money laundering. In countries that have particularly restrictive regulations in certain areas, the company implements specific regulatory compliance projects. To ensure the correct deployment of the programme in daily business, the Company delivers training courses to employees on the most relevant aspects, course aimed at senior managers and members of the Board of Directors and specialist courses intended for compliance officers.

Code of Ethics and Conduct

Prosegur Cash has a Code of Ethics and Conduct that was approved by the Board of Directors on 26 April 2017. In 2017, a training campaign for indirect staff was carried out on the Prosegur Corporate University online platform, which was completed by 90% of said indirect staff.

The Code sets the guidelines for the standards of behaviour and the good work of all Prosegur Cash professionals when doing their job and in their relationships with third parties on aspects such as compliance with legality, respect for Human Rights and equality and respect amongst employees. The Code of Ethics and Conduct is a binding instrument, so it must be known and fulfilled by all workers and members of the governing bodies of Prosegur Cash. Employees must also collaborate to facilitate its implementation, as well as communicate possible breaches of which they have knowledge through the Whistleblowing Channel.

Whistleblowing channel

To detect irregular or illegal behaviour or behaviour contrary to the Code of Ethics and Conduct and act accordingly, the company has a Whistleblowing Channel that allows any interested party, belonging to the company or not, to communicate such behaviour safely and anonymously through a form available on the website www.prosegurcash.com. The Internal Audit Division confidentially manages any communications received and forwards them, as appropriate, depending on their type and severity, to the division responsible for their management, investigation and resolution.

In accordance with the conclusions resulting from the investigations carried out, the necessary measures are adopted at the Audit Committee meetings for cases that require action by the company.

3.4 Respect for Human Rights

KPI's	Results
Number of Human Rights training hours	9,287 hours in 2017 (10% of all employees)

As a benchmark company in the field of securities logistics and cash management, Prosegur Cash assumes the task of promoting respect for human rights as an essential element in the development of its activities.

The company endeavours to respect and enforce the rights listed in the Universal Declaration of Human Rights adopted by the UN General Assembly in its practices and procedures. This commitment is conceived as an additional responsibility to comply with the laws and regulations of the territories in which Prosegur Cash is present, particularly in those in which the ability of the State to protect human rights is limited.

For several years, the company has been working with a view to adopting the principle of due diligence to define the internal control elements necessary to help manage this issue. These cross-cutting factors affirm that everything possible is done to encourage good practices and to prevent, detect and eradicate irregularities in the area of human rights.

Within the framework of Prosegur Cash's management system, formal policies and procedures have been established in the field of human rights, determining the structure and mechanism for monitoring and reporting.

Prosegur Cash has a robust risk management and control system, which considers factors related to respect for human rights. These include, among others, the violation of rights and freedoms of a personal nature and occupational rights. Through the system, critical risks are identified, evaluated and supervised through key risk indicators. Depending on the type of risk and its relevance, adequate procedures are established to prevent, detect, avoid, mitigate, compensate or share the effects of a possible materialisation of the risks.

The company publicly promotes and trains its employees in matters of Human Rights. This subject is integrated into the various training courses taught by human resources and regulatory compliance. In addition, mandatory training plans for operating staff include sessions on critical issues such as the use of force, gender violence, cultural diversity and human rights in the company.

As of 31 December 2017, 9,287 hours of training had been given on Human Rights, reaching 10% of the total number of workers.

Through the whistleblowing channel, Prosegur Cash allows employees and interested third parties to confidentially and anonymously communicate any irregularity of potential importance that could be noticed in the company, including events related to possible violations of Human Rights.

3.5 Governance Bodies and Corporate Governance

KPI's	Results
Percentage of women on the Board of Directors	Board comprising 33% women
Percentage of independent directors	The Board comprises 44.4% of independent directors
Percentage of independent directors on the Audit Committee	100% of the members of the Audit Committee are Independent Directors

As of 31 December 2017, the Prosegur Cash Board of Directors comprises nine members: two directors and seven non-directors, of which four are independent and three are proprietary. The responsibilities of the Executive Chairman and Chief Executive Officer are different and complementary. Therefore, Prosegur Cash adopts the requirements of the main international standards in matters of Corporate Governance that recommend the separation of roles.

Prosegur Cash has a Corporate Governance Policy approved by the Board of Directors that includes the main aspects and commitments of the Company and its Group regarding corporate governance. The commitment to good corporate governance, with the incorporation of national and international best practices, and reflecting Prosegur Cash's own values, constitute the pillars on which the Company and its Group establish their Corporate Governance System, whose texts, regulations and policies are, in their commitment to transparency, permanently available to the market and, in particular, to its shareholders and investors, through its corporate website (www.prosegurcash.com). This same commitment guides the actions of the Board of Directors and its Committees.

As of 31 December 2017, the Prosegur Cash Board of Directors comprises nine members: two directors and seven non-directors, of which four are independent. Despite the ownership structure of the Company to date (72.5% owned by Prosegur), only three Directors represent the majority shareholder in the Board. In addition, as recommended by the best practices of corporate governance and, in particular, taking into account the ownership structure, the Audit Committee is composed entirely of independent Directors.

The Company has an Executive Chairman and Chief Executive Officer, whose responsibilities are different and complementary. Therefore, Prosegur Cash adopts the requirements of the main international standards in matters of Corporate Governance that recommend the separation of roles.

4. Liquidity and capital resources

Prosegur Cash generates large amounts of cash and therefore has no financing problems, allowing it to carry out strategic financing transactions aimed at optimising and streamlining its financial debt pile, controlling debt ratios and complying with growth targets.

The Prosegur Cash Group calculates the net financial debt by considering the total of current and non-current external debt plus net derived financial instruments, minus cash and cash equivalents, less current investments in group companies, and minus other current financial assets (Note 29.2).

Net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) as of 31 December 2017 amounts to EUR 424.1 million (2016: EUR 611.4 million).

4.1 Liquidity

The Prosegur Cash Group has a good level of liquidity reserves and a great capacity for financing that makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

As of 31 December 2017, Prosegur Cash Group reserves for its Cash activity are 809.7 million euros (in 2016: EUR 292.4 million). This figure mainly comprises the following items:

- EUR 317.8 million euros of cash and cash equivalents (in 2016: EUR 188.8 million).
- The existing long-term credit availability of EUR 315.0 million mainly corresponding to the syndicated loan signed on 10 February 2017 (in 2016: EUR 15.0 million).
- Other unused lines of credit for EUR 176.9 million (in 2016: EUR 88.6 million).

This liquidity figure accounts for 42.1% of consolidated annual sales (2016: 17.0%), which enables the company to ensure both short term funding needs as well as growth strategy.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The set of maturities of Prosegur Cash Group's debt is in line with the company's capacity for generating cash flows to repay it.

The market value of the own shares held by Prosegur Cash as of 31 December 2017 amounts to EUR 2.1 million (at the end of 2016 it was not listed on the stock exchange).

4.2 Capital resources

The structure of the long term financial debt is determined by the following contracts:

a) On 20 December 2016, the group arranged a three-year syndicated financing facility for the sum of EUR 600 million. On 20 November 2017 and 20 December 2017, this syndicated operation was cancelled early for EUR 100 million and EUR 500 million respectively, therefore, there was not outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600 million).

b) On January 29, 2016 Prosegur group formalized a loan in rands over a period of 4 years with amortization bullet (Note 28 of the consolidated annual accounts). This loan has been assigned to Prosegur Cash on July 6, 2017 for an amount of 272,000 thousand Southafrican rands (equivalent to 31 December 2017: EUR 18,372 thousand). Prosegur Cash will maintain the same conditions and maturity date, January 29, 2020. Simultaneously with the loan assignment, Prosegur has paid Prosegur Cash in cash an amount equivalent to the principal of the debt plus interest accrued.

c) On 10 February 2017, a syndicated financing operation was signed in the form of credit for the amount of EUR 300 million for a 5 year term. As of 31 December 2017, no amount had been drawn down.

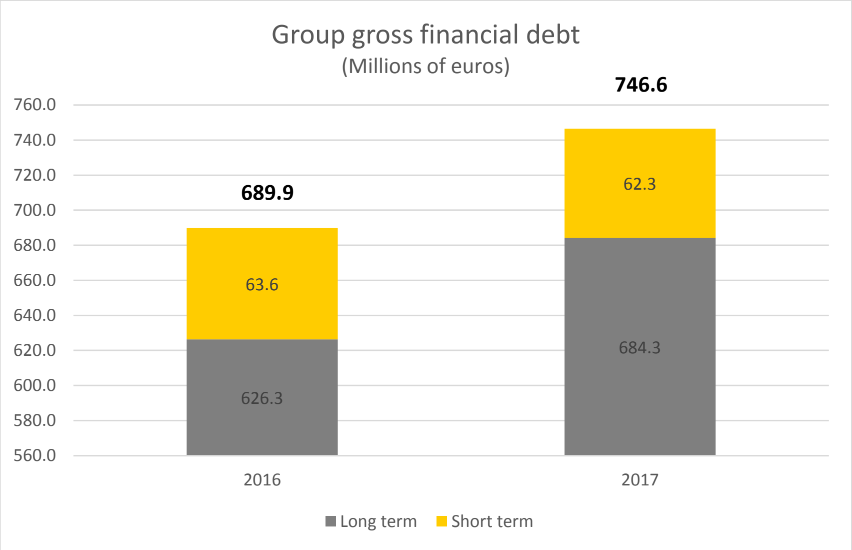
d) On April 28, 2017, Prosegur Cash through its subsidiary Prosegur Australia Investments Pty has contracted a syndicated financing operation in the amount of AUD 70,000 thousand for a term of 3 years. As of December 31, 2017, the available capital of the loan amounts to AUD 70,000 thousand (equivalent to 31 December, 2017: EUR 45,614 thousand).

e) On 4 December 2017, Prosegur Cash, S.A. issued an uncovered bond for a nominal amount of EUR 600 million with maturity on 4 February 2026. The bond is listed on the secondary market, the Irish Stock Exchange, accruing an annual coupon of 1.38% payable for annuities due.

In consolidated terms, the long-term gross financial debt (excluding other non-banking payables corresponding to deferred payments for acquisitions) with a maturity of more than one year amounted to EUR 684.3 million in 2017 (2016: EUR 626.3 million), basically supported by the bond issued on 4 December 2017, due in 2026. The long-term gross financial debt in 2016 mainly corresponded with the syndicated loan that was cancelled at the end of 2017.

Gross short-term financial debt (excluding other non-banking payables corresponding to deferred payments for acquisitions) stood at EUR 62.3 million (2016: EUR 63.6 million).

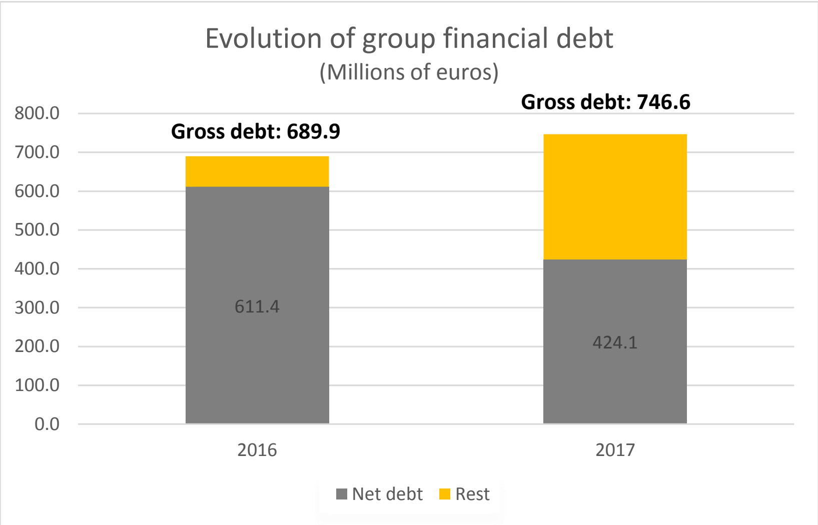
The current and non-current maturities of gross financial debt are distributed as follows:



In 2017 financial debt had an average cost of 1.85% (in 2016: 1.52%).

Net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) at the end of 2017 stood at EUR 424.1 million (2016: EUR 611.4 million).

Next a comparative graphic is shown of the gross and net debt (excluding deferred payments for M&A acquisitions) in 2016 and 2017:

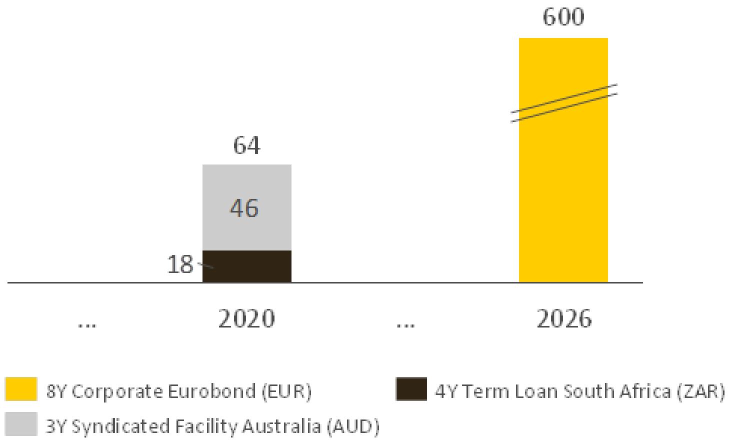


No significant changes are expected in 2018 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2017.

The following table shows the maturities of the drawn debt as per contractual obligations on 31 December 2017:

(millions of euro)	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**TOTAL**
Loans and borrowings	44.8	53.1	64.5	162.4
Debentures and other securities	1.4	33.0	633.0	667.4
Credit accounts	19.5	0.0	0.0	19.5
Finance lease payables	9.2	12.0	0.0	21.2
Other payables	17.5	14.1	2.5	34.1
	92.4	**112.2**	**700.0**	**904.6**

The following chart shows the main debt maturities:



In its current activity, Prosegur Cash Group occasionally resorts to operations not entered in the statement of financial position, normally under the contractual formula of operational leasing and mainly with a view to use high value assets such as buildings and vehicles. Payment commitments for future leases amount to EUR 109.4 million (in 2016: EUR 86.8 million) which mainly correspond to the contracts for the operating bases and operational vehicles (Note 26).

The Prosegur Cash Group calculates the leverage ratio as the resulting ratio between net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) and total capital, understood as the sum of the net financial debt (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) and the equity of the cash activity. On 31 December 2017, the ratio was 0.64 (in 2016: 0.86).

The net financial debt ratio (excluding other non-bank debts corresponding to deferred payments for M&A acquisitions) on equity of cash activity as of 31 December 2017 stood at 1.77 (2016: 5.9 due to having cash).

4.3 Analysis of contractual obligations and off balance sheet operations

Note 26 of the consolidated annual accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

Furthermore, as indicated in Note 25 of the consolidated annual accounts, Prosegur Cash Group issues guarantees to third parties for commercial and financial reasons. The total amount of guarantees issued on 31 December 2017 is EUR 249.2 million (in 2016: EUR 146.0 million).

5. Main risks and uncertainties

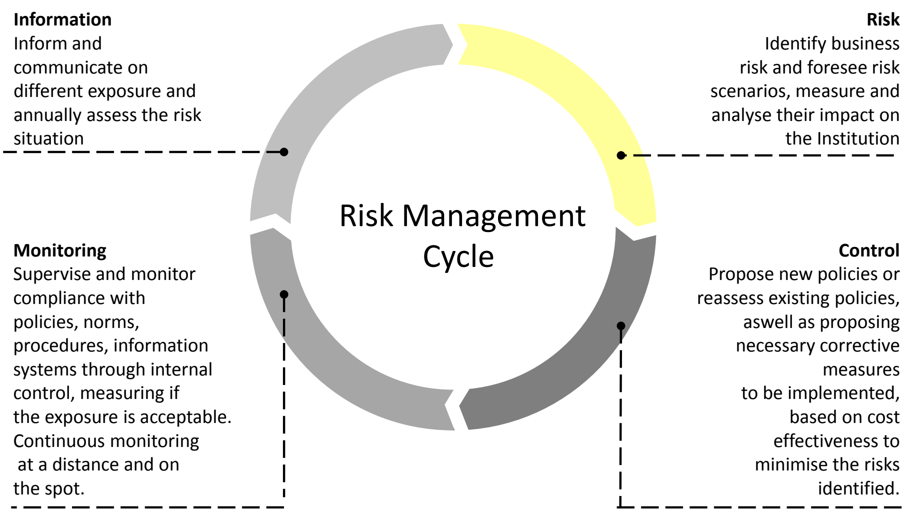
Prosegur's Risk Management System is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system, complemented with standards applied by the main clients of the financial sector, such as the Basel III and ISO 31000 standards. Final responsibility in risk management lies with the Board of Directors. The Audit Committee has, among its basic responsibilities, that of supervising the effectiveness of internal control and risk management systems, checking their appropriateness and completeness, and reviewing the appointment and substitution their managers.

The main risks that have been identified are:

- Regulatory Risks. Regulatory non-compliance, including employment and social security regulations, tax regulations, arms control or prevention of money laundering applicable in each market and/or as a whole. Unfavourable changes in regulatory conditions, including as tax legislation or restrictions on how to obtain or renew permits and licences.
- Risks due to Incidents involving Assets under Custody or Lost Cash. Insufficient insurance coverage
- Transactions in markets with a temporary reduction in the demand. Prolonged reduction of the use of cash.
- Transactions in highly competitive markets. Pressure on prices and margins. Status of the economic environment.
- Reputational risks. Negative publicity regarding name. Loss of trust.
- Financial risks, including variations in interest rates or exchange rates, counterparty and tax risks.
- Failures or incidents in the IT infrastructure.
- Loss or theft of own or customers' confidential information. Cyberattacks and computer and security faults.
- Inadequate management of employment costs.
- Decline in liquidity generation or in cash management.

5.1 Operational risk

The risk management cycle at Prosegur Cash is the following:



Regulatory risk

Security can be a high profile sector and there is a great diversity of regulations in constant change that are applicable to the activities of the Group and its clients around the world. The increase in regulations in jurisdictions in which Prosegur Cash carries out its activity could have a substantial adverse effect on its business, financial condition and results of operations.

In particular, Prosegur Cash's activity is directly and indirectly affected by the laws, regulations and administrative requirements of the local, regional and national authorities of the countries in which it operates, as well as the special requirements of other entities, such as insurance companies and industry organisations. Certain parts of Prosegur Cash's business are subject to licensing requirements. In addition, many countries have permit requirements for security services, including carrying weapons when using armoured vehicles for the transportation of goods. The Group is dependent on these licences and permits being maintained and renewed when appropriate. In addition, many of the Group's customers, such as financial institutions, are subject to regulations and if such regulations change indirectly it could have a substantial adverse effect on the Group's business, financial condition and results of operations.

There is no guarantee that the legislation, regulations and requirements promulgated by the authorities and other entities will not change in the future and, consequently, change the conditions of the Group's activity. Authorities may enact new directives regarding requirements for specific practices, safety solutions, and staff training and certification. The Group may be required to make changes to its operations or to make additional investments to adapt to new or amended laws or regulations, such as increasing the number of armoured vehicles or introducing the use of banknote degradation mechanisms, such as ink staining so that the banknotes are invalidated in case of a robbery. Such changes and the related investments could have a substantial adverse effect on the Group's business, financial condition and results of operations. Similarly, a reduction or relaxation of local regulations could result in increased competition for the Group by the entry of new participants into the market or by the growth of smaller competitors. In addition, failure to comply with applicable laws or regulations could result in significant fines or revocation of the Group's operating permits and licences, which could also have a substantial adverse effect on its business, financial condition and results of operations.

Prosegur Cash devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Local Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the group operates and that are adapted to the requirements of the applicable regulations in each case.

Likewise, the Division plays an essential role in complying with all regulations affecting the Prosegur Cash Group. In the regulation that affects the prevention of money laundering, there are money laundering prevention units in the countries in which it is subject to applicable regulations (Spain, Australia and in all Iberoamerican countries in which it is present). These units are central and are dedicated to the implementation of measures to control and monitor activities in order to prevent facilities for the cash in transit to be used for money laundering purposes.

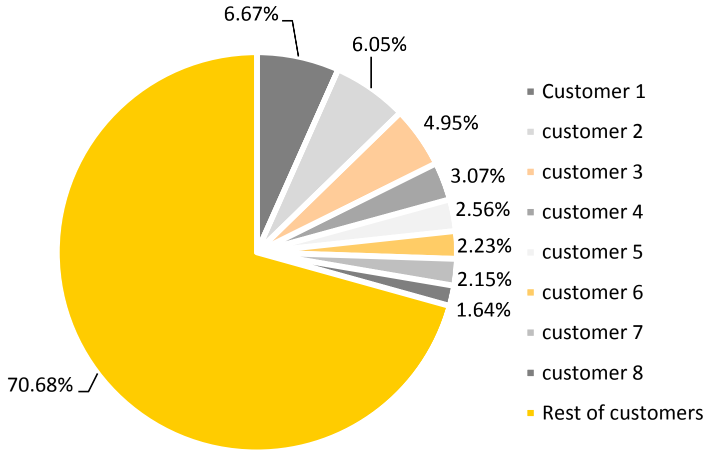
Operational risk

Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

It is worth mentioning the monitoring task carried out by the Security Division over control and monitoring processes for the traceability of operations carried out in transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of losses.

Client concentration

Prosegur Cash Group is not significantly exposed to clients. In Note 29.1 of the consolidated annual accounts, there are tables of representativeness of the main customers on the global invoicing of Prosegur Cash Group, as shown in the following chart:



5.2 Financial risk

Interest rates risk

Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2017, the majority of the Prosegur Cash Group's financial liabilities at variable interest rates were denominated in euros.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur Cash Group calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Currency risk

Prosegur Cash is exposed to currency risks arising from the fact that its revenues are generated in different currencies (mainly Brazilian real, Argentine, Colombian, Chilean and Mexican pesos, Peruvian soles and Australian dollars), while its reference currency is the euro.

To the extent that local costs and revenues are denominated in the same currency, the effect of exchange rate fluctuations on Prosegur Cash's margins may be neutral (although the absolute size of those margins in euros would continue to be affected). Fluctuations in exchange rates also affect the company's borrowing costs for instruments denominated in currencies other than the euro. While some of these effects may be offset by corresponding inflation fluctuations, this is not necessarily the case.

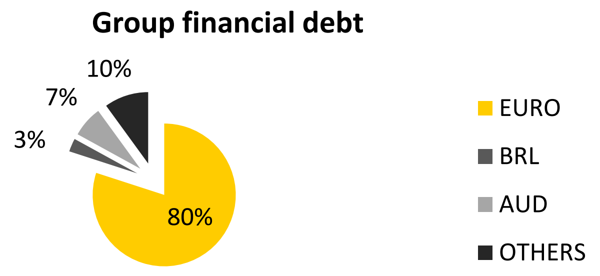
Prosegur Cash generally does not make any currency derivatives to hedge its expected future operations and its cash flows, so it is possible that changes in exchange rates will have an adverse effect on business and therefore on the financial situation and results of the company.

Natural hedging as conducted by Prosegur Cash Group is based on capital expenditure required in the industry, which varies by business area, being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

Debt is 80% in Euros, 3% in Brazilian Reais, 7% in Australian Dollars and 10% in the other currencies in which the Group operates.

Note 22 of the consolidated annual accounts reflects the value of financial liabilities in the various currencies. Note 29 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

In graphical form, the financial debt structure of Prosegur Cash Group distributed by currency at the close of 2017 is as follows:



Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur Cash Group operates carry out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur Cash Group management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Division and updated credit limits and levels are periodically published.

6. Important circumstances after the reporting period

On 2 January 2018, the Prosegur Group paid the purchase price defined by the purchase of the Security business in Brazil, for BRL 72,823 thousand (equivalent value at the time of payment: EUR 18,431 thousand) plus 1% on the sale price for interest as agreed by contract (See note 15 of the consolidated annual accounts).

7. Information on the foreseeable performance of the entity

The forecasts for 2018 are moderately optimistic, while the actual gross domestic product of the countries in which the Prosegur Cash Group operates is expected to increase slightly compared to the 2017 levels, and the inflation levels will be moderate, a sign that the economies will continue with their continuous improvement process. However, we should not rule out greater volatility of currencies, partially influenced by the performance of the exchange rate of the dollar compared to the euro. In this environment, the company expects to be able to continue improving its profitability in local terms in the countries in which it operates.

Within this macroeconomic environment, and apart from the organic growth coming from the traditional logistics and cash processing business, the company will continue to focus on the development of its new products line of business, where it expects to have a relevant growth. The company also intends to continue strengthening its internal control procedures in order to guarantee the maximum efficiency of the different businesses and to maximise cash generation.

It is expected that the currencies of the countries of the Ibero-America region will be devalued during 2018, with the impact of the devaluation being greater during the first part of the year. In this sense, the company expects to be able to drastically reduce this impact based on the development potential of the region, greater access to the retail market and its ability to retain its customers and offer them the best services.

The excellent results obtained in the past by the sales teams in the Iberoamerican region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturing process, allows us to optimistically take on 2018.

The experience acquired in each of these markets over the years has allowed us to develop a successful business model that minimises events that affect the normal performance of our business, such as the recession in Brazil, the exchange rate in Argentina, the devaluation of the region's currencies, while making it possible to maintain or improve the results of our countries.

Meanwhile, the economic environment in Europe presents an improvement that will gently boost business growth in most of our countries except France, where the company expects to gradually recover the ground lost in 2017 over the following years.

In any case, the company intends to continue showing its excellent capacity for adapting to the different environments and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services

Finally, as far as the AOA region is concerned, the company faces the challenge of completing the optimisation of its operations in India and South Africa and maintaining the growth path in Australia, not only through acquisitions, but also in terms of organic growth. The initiatives launched at commercial and operational levels in 2017 make the company moderately optimistic in relation to the targets pursued.

The financial structure, which is more than stable, with a fairly limited level of leverage, combined with the capacity to generate cash, positions the Prosegur Cash Group at an optimum point to continue with the inorganic growth strategy without compromising the debt limits that have been self-imposed on the company and that are even more demanding than those of the bank financing available or required by the rating agencies for investment grade firms. The company seeks to expand by entering markets with high growth potential, thus diversifying risks and opportunities.

In conclusion, and in order to face the huge challenges that lie ahead in the coming years, it should be noted that the company has excellent growth levers, one of the best platforms in the world for cash in transit and cash management, with a prominent presence in emerging markets, unmatched by any competitor, and an optimal solvency and financial strength to boost its expansion. The next few years will be focused on both traditional organic growth and new products, maintaining current profitability levels, as well as continuing to consolidate its leading position, gaining market share and reinforcing its image as a world benchmark in its sector.

Estimates and opinions regarding the performance and future results of Prosegur Cash's businesses are subject to risks, uncertainties, changes in circumstances and other factors that may cause actual results to materially differ from forecasts.

8. Acquisition and disposal of own shares

On 8 May 2017, the Company entered into a liquidity agreement fully compliant with the regulations applicable at that time. Prior to the signing of this contract, the company did not have own shares. The preliminary operating process of the liquidity contract to establish the treasury stock ended on 8 June, once a treasury stock of 1,000,000 shares was reached. The liquidity contract operation began on 9 June 2017 and ended on 10 July, the date on which said liquidity contract was terminated. On 7 July 2017, with effect from 11 July 2017, the Company entered into a new liquidity agreement in accordance with the new regulations in force, giving new operations to the liquidity under the scope of the contract.

At the close of 2017, the own shares of Prosegur Cash, S.A. comprised 787,474 shares, of which 295,789 were linked to the liquidity contract that represent 0.52% of the share capital, with a value of EUR 2.1 million.

9. Alternative Performance Measures

To comply with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur Cash Group now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the company presents its results in accordance with generally accepted accounting principles (IFRS-EU), the Management believes that certain Alternative Performance Measures provide useful additional financial information that should also be taken into account when appraising the Company's performance. The Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the company's performance. Prosegur Cash Group provides those APMs deemed relevant and useful for users to reach decisions and it is convinced that these help provide a true and fair view of its financial performance.

APM	**Definition and calculation**	**Purpose**
Working capital	A financial measure show ing 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 w orking capital is needed to ensure that a company is able to continue operating and has sufficient funds w ith w hich to meet its current debt obligations and imminent operating expenses. The management of w orking capital requires the Group to control inventories, accounts receivable and payable and cash.
CAPEX	Capex (*Capital Expenditure)* represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of softw are as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid grow th, CAPEX w ill exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasingly quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
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 w ith the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company´s operating pure results in comparison w ith the accrued revenue.
Organic Grow th	Organic Grow th is calculated as the increase or decrease in revenue betw een tw o periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Grow th provides a view of the company's organic revenue grow th.
Inorganic Grow th	Company calculates Inorganic grow th for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Grow th 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.
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 w ith 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 w ithout factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodw ill or of intangible assets, but including amortisation of softw are.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodw ill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit w ithout factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodw ill.	EBITDA provides an accurate view of w hat a company is earning or losing from its business. EBITDA excludes non-cash variables, w hich 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.

The reconciliation of the alternative performance measures is as follows:

Working Capital (Millions of Euro)	**31.12.2017**	**31.12.2016**
Non-Current Assets held-for-sale	45.6	266.6
Inventories	6.1	7.5
Trade and other receivables	383.6	426.8
Current receivables with Prosegur group companies	18.1	65.4
Current tax assets	106.0	102.4
Other current assets	-	-
Cash and cash equivalents	317.8	188.8
Deferred tax assets	37.3	44.9
Trade and other payables	(314.4)	(334.8)
Current tax liabilities	(105.0)	(118.5)
Financial liabilities	(77.5)	(87.3)
Current payables with Prosegur group companies	(48.4)	(168.7)
Liabilities held-for-sale	(26.8)	(184.7)
Other current liabilities	(14.6)	(13.9)
Deferred tax liabilities	(26.5)	(22.6)
Provisions	(132.8)	(140.1)
Total Working Capital	**168.5**	**31.8**

CAPEX (Millions of Euro)	**31.12.2017**	**31.12.2016**
Lands and buildings (excluding decommissioning costs)	0.7	0.5
Technical installations and machinery	15.8	9.4
Other installations and furniture	40.3	16.4
Armoured vehicles and other property, plant and equipment	25.1	17.1
Under construction and advances	15.9	45.5
Subtotal: Property, Plant and Equipment additions	97.8	88.9
Software additions	7.0	5.4
Total CAPEX	**104.8**	**94.3**

Adjusted EBIT Margin (Millions of Euro)	**31.12.2017**	**31.12.2016**
EBIT	445.0	385.4
Less: items not assigned	84.8	64.9
Adjusted EBIT	360.2	320.5
Revenues	1,924.3	1,724.3
Adjusted EBIT Margin	**18.7%**	**18.6%**

Organic Growth (Millions of Euro)	**31.12.2017**	**31.12.2016**
Revenues for current year	1,924.3	1,724.3
Less: Revenues for the previous year	1,724.3	1,746.3
Less: Inorganic Growth	23.4	11.9
Effect of exchange rate fluctuations	(41.7)	(297.2)
Total Organic Growth	**218.3**	**263.3**

Inorganic Growth (Millions of Euro)	**31.12.2017**	**31.12.2016**
HP Business Unit	-	2.5
Ciser	-	1.9
Procesos Tecnicos de Seguridad y Valores	1.9	3.4
Miv Gestión	-	2.5
Toll + CSA	15.0	1.6
Others	6.5	0.0
Total Inorganic Growth	**23.4**	**11.9**

Effect of exchange rate fluctuations (Millions of Euro)	**31.12.2017**	**31.12.2016**
Revenues for current year	1,924.3	1,724.3
Less: Revenues for the current year at exchange rate of previous year	1,966.0	2,021.5
Effect of exchange rate fluctuations	**(41.7)**	**(297.2)**

Cash Flow Conversion Rate (Millions of Euro)	**31.12.2017**	**31.12.2016**
EBITDA	512.9	447.2
Less: items not assigned	84.8	64.9
Adjusted EBITDA	428.1	382.3
CAPEX	104.8	94.3
Cash Flown Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	**76%**	**75%**

Net Financial Debt (Millions of Euro)	**31.12.2017**	**31.12.2016**
Financial liabilities	774.5	722.0
Adjusted financial liabilities **(A)**	774.5	722.0
Not assigned financial liabilities with group companies **(B)**	-	137.0
Cash and cash equivalents	(317.8)	(188.8)
Less: adjusted cash and cash equivalents **(C)**	(317.8)	(188.8)
Less: not assigned current investments in group companies **(D)**	(23.2)	(26.6)
Total Net Financial Debt (A+B+C+D)	**433.5**	**643.6**
Less: Treasury shares	(2.1)	-
Total Net Financial Debt including treasury shares (A+B+C+D)	431.4	643.6
Less: other non-bank payables **(E) (Note 15, 22)**	(9.4)	(32.2)
Treasury shares	2.1	0.0
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payaments for M&A acquisitions) **(A+B+C+D+E)**	**424.1**	**611.4**

EBITA (Millions of Euro)	**31.12.2017**	**31.12.2016**
Consolidated profit for the year	304.9	178.9
Loss from discontinued operation, net of tax	(0.5)	47.3
Income tax expenses	139.9	149.9
Net finance income / costs	0.7	9.2
Amortizations	16.7	14.7
EBITA	**461.7**	**400.0**

EBITDA (Millions of Euro)	**31.12.2017**	**31.12.2016**
Consolidated profit for the year	304.9	178.9
Loss from discontinued operations, net of tax	(0.5)	47.3
Income tax expenses	139.9	149.9
Net finance income / costs	0.7	9.2
Depreciation and amortization	67.9	61.8
EBITDA	**512.9**	**447.1**

10. Other significant information

Stock market information

Prosegur Cash focuses its efforts in the creation of value for its shareholders. The improvement in results and transparency, as well as rigour and credibility, underpin the company's actions.

The company has published the policy governing its relationship with shareholders and investors on its corporate website, which has been approved by its Board of Directors. To this end, it assumes the commitment to promote effective and open communication with all shareholders, ensuring at all times the coherence and clarity of the information it provides. Likewise, the company seeks to maintain transparent and habitual contact with its shareholders, which facilitates the mutual understanding of the targets.

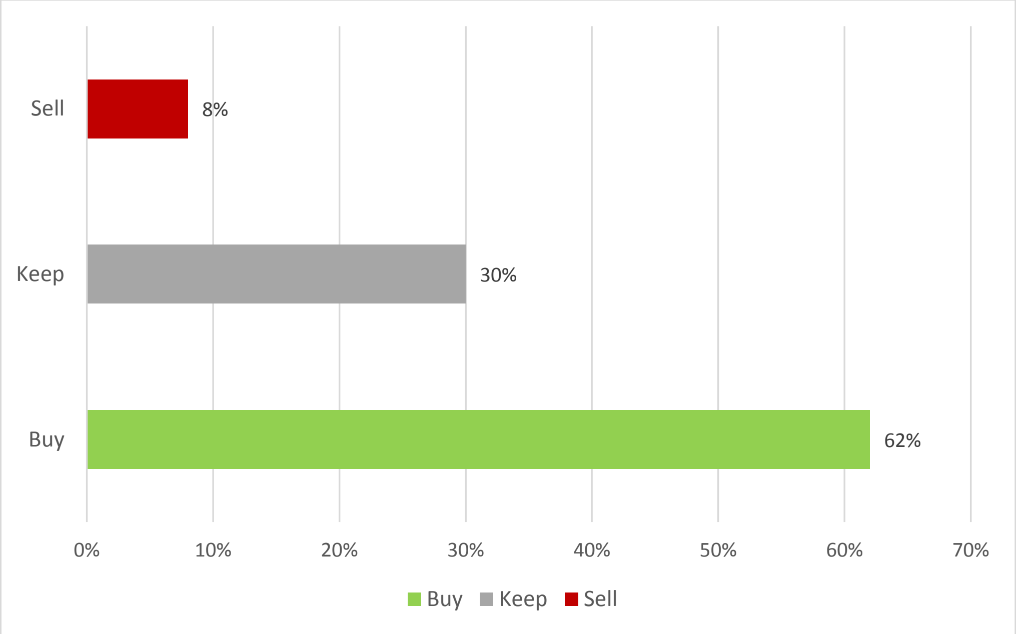
To comply with the transparency commitment, the company tries to provide all its financial and strategic communications in a coherent and open manner, ensuring, whenever possible, the use of a simple language that facilitates its understanding, and that this information reflects the situation and perspectives of Prosegur Cash in a faithful, balanced and understandable way.

The company is open to receiving comments and suggestions for improvement, which can be addressed to the Company through the specific communication channels mentioned on its website and/or communication policy with investors.

Finally, and in order to publicise the financial information to the investment community, the company presents its results quarterly through a webcast on its website. The presentations of the Company's profits and losses are led by the Financial Director and the Investor Relations Director, and annually by the Chief Executive Officer.

Analysts coverage

The recommendations of the 13 investment companies that monitor Prosegur Cash are as follows:



On 31 December 2017, the price of the Prosegur Cash share closed at 2.68 euros, up 34% from the IPO price in March 2017.

Main shareholders

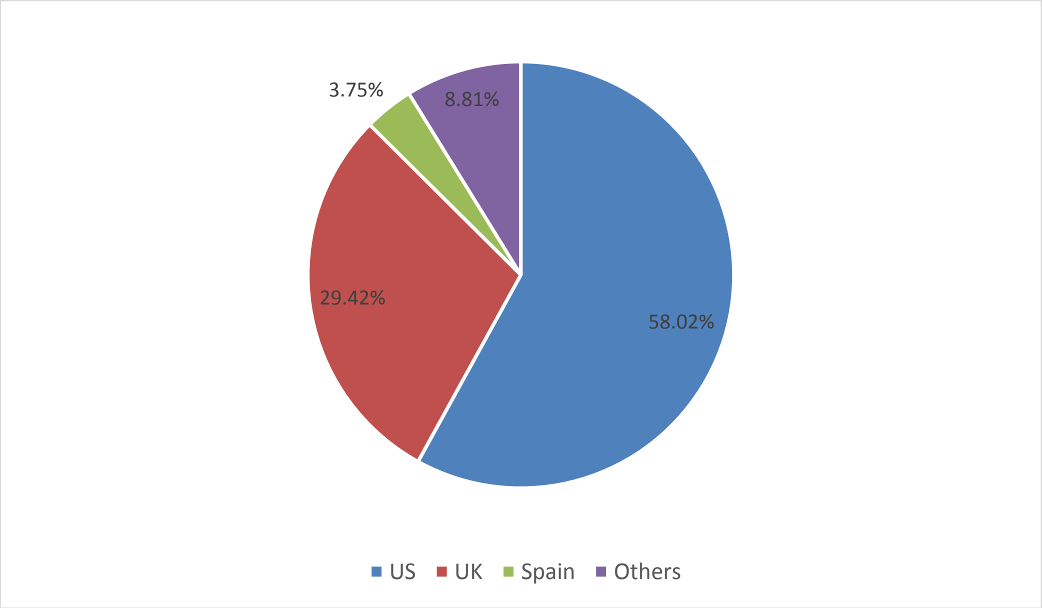
The shareholding structure of Prosegur Cash reflects its solidity and stability.

As of 31 December 2017, 72.50% of the capital directly or indirectly belongs to Prosegur, while the remaining 27.5% is floating capital, including the shares of Oppenheimer with 6.98%, FMR with 6.74% and Fidelity Investment Trust with 3.81%.

The structure of the Board of Directors enables the management bodies to define strategic lines and make decisions in line with the interests of all of the shareholders. This solid and stable relevant shareholder base, made up largely of significant shareholders and institutional investors, provides Prosegur Cash with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of floating capital

At the international level and given its growth potential, Prosegur Cash is well accepted amongst foreign investors. Less than 4% of the free float comes from Spanish investors.



9.2 Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2017 forms part of the Directors' Report and as of the date of publication of the financial statements is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes sections E, analysing control and risk management systems of the Company, and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2017

The members of the board of directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated financial statements for 2017, authorised for issue by the board of directors at the meeting held on 26 February 2018 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Cash, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Cash, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

Madrid, 26 February 2018

Mr. Christian Gut Revoredo
Executive Chairman

Mr. Pedro Guerrero Guerrero
Vice-Chairman

Mr. José Antonio Lasanta Luri
Chief Executive Officer

Mrs. Chantal Gut Revoredo
Director

Mr. Antonio Rubio Merino
Director

Mr. Claudio Aguirre Pemán
Director

Mrs. María Benjumea Cabeza de Vaca
Director

Mrs. Ana Inés Sainz de Vicuña Bemberg
Director

Mr. Daniel Guillermo Entrecanales Domecq
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated financial statements of Prosegur Cash, S.A. and subsidiaries are the responsibility of the directors of the parent company and have been prepared in accordance with the international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil this responsibility mainly by establishing and maintaining accounting systems and other regulations, with adequate support by internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. In any case the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2017. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the financial statements, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr. Antonio España Contreras

Chief Financial Officer