Prosegur Cash, S.A. and subsidiaries

Consolidated Annual Accounts

31 December 2018

Consolidated Directors’ Report

2018

(With Independent Auditor's Report Thereon)

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

KPMG Auditores, S.L.
Paseo de la Castellana, 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 2018, 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 2018 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, mainly in Brazil, 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, 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 2018 a provision of Euros 41 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 55 million has been recognised at 31 December 2018. 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 868 million, Euros 356 million of which is goodwill. In 2018 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.

Hyperinflation in the Argentine economy See notes 2.4, 20 and 32.27 to the consolidated annual accounts.	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
As of 1 July 2018, the Argentine economy meets the criteria for consideration as a hyperinflationary economy, for the purposes of applying International Accounting Standard (IAS) 29. This standard must be applied from the start of 2018, as if the Argentine economy had always been inflationary, i.e. retrospectively. However, as mentioned in note 2.4 to the consolidated annual accounts, the comparative figures for the Group have not been restated in accordance with the criteria laid down in IFRS-EU and, as a result, the effect of the hyperinflation is presented as an adjustment to equity at 1 January 2018. This fact must be taken into account for the purpose of analysing comparability, as the comparative figures for 2017 of the Argentine subsidiary, which are included in the Group's consolidated annual accounts, are presented without the adjustment for hyperinflation. In accordance with the criteria set out in IAS 29, non-monetary items in the statement of financial position of the Argentine subsidiary are expressed in the monetary unit current at 31 December 2018. As the economy is hyperinflationary, in accordance with IAS 21, all statement of financial position and income statement items must be translated to the Group's presentation currency (the Euro) at the closing rate. As detailed in note 20c to the consolidated annual accounts, the Group has opted to transfer the opening cumulative translation differences of the Argentine subsidiary to reserves without adapting the comparative figures and, as a result, the total effect of the adjustment for hyperinflation is presented in this item. As a result of applying these accounting criteria, the Group has increased its equity by Euros 32 million. Due to the significance of the adjustment for hyperinflation made to the figures for 2018 and the complexity associated with the calculation of this adjustment, we have considered this to be a key audit matter.	In the context of our audit, we performed, among others, the following procedures: – Understanding of the methodology used by the Group in the adjustment of the financial position at 1 January and 31 December 2018. – Verification, through an inspection of the Group's working papers, that the criteria set out in IAS 29 have been applied for the adjustment of the financial position at 1 January and 31 December 2018 to the monetary unit current at those dates. In this regard, our work was focused on: ▪ Identifying the monetary and non-monetary assets and liabilities. ▪ Verifying that the inflation rates applied reflect those published by the National Institute of Statistics and Censuses of the Argentine Republic (INDEC). ▪ Recalculating the net deferred position for income tax at 31 December 2018. ▪ Performing tests of detail in relation to the revaluation of the non-monetary assets in order to verify that the adjusted amount does not exceed their recoverable amount. ▪ Calculating at 1 January and 31 December 2018 the cumulative adjustment in reserves due to first-time application of IAS 29. ▪ Verification that the effect of applying IAS 29 on the basis of the changes in monetary items is reasonable by recalculating the updated non-monetary items, capital and reserves. – Verification that the financial statements of the Argentine subsidiary, adjusted for inflation, have been translated at the closing rate, and verification of the transfer of opening cumulative translation differences to reserves. – Assessment of whether the information disclosed in the consolidated annual accounts in relation to the hyperinflation meets the requirements of the financial reporting framework applicable to the Group.

Other information: Consolidated Directors' Report

Other information solely comprises the 2018 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 2018 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 26 February 2019.

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

26 February 2019

PROSEGUR CASH, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Directors' Report for the year ended 31 December 2018

Prepared in accordance with the International Financial Reporting Standards 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 2018 AND 2017

(In thousands of Euros)

	Note	31/12/2018	31/12/2017
Revenue	3	1,731,605	1,924,258
Cost of sales	4	(1,131,715)	(1,230,744)
Gross profit		**599,890**	**693,514**
Other income	6	823	88,081
Sale and administrative expenses	4	(330,802)	(331,032)
Other expenses	6	(1,579)	(4,059)
Share of profits/ losses of financial year accounted for under the equity method	14	(324)	(1,446)
Operating profit/(loss) (EBIT)		**268,008**	**445,058**
Finance income	7	32,861	32,511
Finance expenses	7	(36,760)	(33,242)
Net financial income / (Costs)		**(3,899)**	**(731)**
Profit before tax		**264,109**	**444,327**
Income tax	24	(89,881)	(139,966)
Post-tax profit from continuing operations		**174,228**	**304,361**
Post-tax profit from discontinued operations	15	(11)	489
Consolidated profit/(loss) for the period		**174,217**	**304,850**
Attributable to:			
Owners of the Parent		174,217	304,874
Non-controlling interests		-	(24)
Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)			
- Basic	8	0.12	0.20
- Diluted	8	0.12	0.20

The Notes on pages **9** to **89** form an integral part of the consolidated annual accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 December 2018 AND 2017

(In thousands of Euros)

	Note	31/12/2018	31/12/2017
Consolidated profit/(loss) for the period		**174,217**	**304,850**
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial profits/(losses) on defined benefit plans	5.2	(513)	(751)
		(513)	**(751)**
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations	20	(18,726)	(116,593)
		(18,726)	**(116,593)**
Total comprehensive income, net of taxes		**154,978**	**187,506**
Attributable to:			
- Owners of the parent		154,978	187,506
- Non-controlling interests		-	-

The Notes on pages **9** to **89** form an integral part of the consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 2017

(In thousands of Euros)

	Note	31/12/2018	31/12/2017
ASSETS			
Property, Plant and Equipment	11	333,460	279,261
Goodwill	12	356,138	318,744
Other intangible assets	13	178,540	159,234
Investments accounted for using the equity method	14	26,433	29,277
Non-current financial assets	17	6,515	5,709
Deferred tax assets	24	36,228	37,290
Non-current assets		**937,314**	**829,515**
Non-current Assets held for sale	15	642	45,581
Inventory	16	19,795	6,115
Clients and other receivables	18	334,082	383,645
Accounts receivable with Prosegur Group	28	54,007	18,103
Current tax assets		86,670	106,017
Cash and cash equivalents	19	273,756	317,777
Current assets		**768,952**	**877,238**
Total assets		**1,706,266**	**1,706,753**
EQUITY			
Share capital	20	30,000	30,000
Treasury Stock	20	(1,943)	(2,127)
Translation differences	20	(156,546)	(501,666)
Retained earnings and other reserves	20	366,474	737,571
Equity attributable to equity holders of the Parent		**237,985**	**263,778**
Non-controlling interests		6	11
Total equity		**237,991**	**263,789**
LIABILITIES			
Financial liabilities	22	688,021	696,924
Deferred tax liabilities	24	41,174	26,486
Provisions	21	136,723	127,273
Non-current liabilities		**865,918**	**850,683**
Trade and other payables	23	313,969	314,433
Current tax liabilities	24	64,737	104,999
Financial liabilities	22	131,992	77,530
Accounts payable with Prosegur Group	28	80,787	48,372
Provisions	21	2,275	5,553
Non-current Assets Held for Sale	15	-	26,795
Other Current Liabilities		8,597	14,599
Current liabilities		**602,357**	**592,281**
Total liabilities		**1,468,275**	**1,442,964**
Total equity and liabilities		**1,706,266**	**1,706,753**

The Notes on pages **9** to **89** form an integral part of the consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

	Equity attributable to equity holders of the Parent							
(In thousands of Euros)	Share capital (Note 20)	Share premium (Note 20)	Translation differences (Note 20)	Own shares (Note 20)	Retained earnings and other reserves (Note 20)	Total	Non-controlling interests (Note 20)	Total equity
Balance at 01 January 2017	**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	-	-	-	-	(107,400)	(107,400)	-	(107,400)
Acquisition of own shares	-	-	-	(2,127)	-	(2,127)	-	(2,127)
Other changes	-	-	-	-	337	337	-	337
Balance at 31 December 2017	**30,000**	**-**	**(501,666)**	**(2,127)**	**737,571**	**263,778**	**11**	**263,789**
Transition adjustments (Note 32)	-	-	-	-	(1,196)	(1,196)	-	(1,196)
First application IAS 29 (Note 32.27)	-	-	-	-	32,436	32,436	-	32,436
Translation differences reclassified to reserves	-	-	363,846	-	(363,846)	-	-	-
Balance at 1 January 2018	**30,000**	**-**	**(137,820)**	**(2,127)**	**404,965**	**295,018**	**11**	**295,029**
Total comprehensive income for the year	-	-	(18,726)	-	173,704	154,978	-	154,978
Hyperinflation adjustment	-	-	-	-	(93,702)	(93,702)	-	(93,702)
Dividends (Note 9)	-	-	-	-	(118,050)	(118,050)	-	(118,050)
Share-based incentives offered to employees	-	-	-	184	34	218	-	218
Other changes	-	-	-	-	(477)	(477)	(5)	(482)
Balance at 31 December 2018	**30,000**	**-**	**(156,546)**	**(1,943)**	**366,474**	**237,985**	**6**	**237,991**

The Notes on pages **9** to **89** form an integral part of the consolidated annual accounts.

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V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(In thousands of Euros)

	Note	31/12/2018	31/12/2017
Cash flows from operating activities			
Profit/(loss) for the year		**174,217**	**304,850**
Adjustments for:			
Depreciations and amortizations	11.13	72,315	67,874
Impairment losses on non-current assets	11	-	104
Impairment losses on trade receivables and inventory	6, 18	1,217	1,619
Change in provisions	21	18,993	39,544
Finance income	7, 15	(32,813)	(60,241)
Finance expenses	7, 15	82,037	42,621
Stakes in (profits)/losses of investments accounted for using the equity method	14	324	(1,446)
(Profit) / Loss on disposal and sale of property, plant and equipment and investment	6	714	1,389
(Profit) / Loss on sale of holdings and intangible assets	6	-	(85,911)
Income tax	24	89,881	130,820
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		(1,767)	105
Customers and other receivables (including Group companies)		(45,361)	(48,877)
Trade and other payables (including Group companies)		18,712	1,037
Payment of provisions	15, 21	(17,741)	(39,853)
Other Current Liabilities		(7,171)	(4,253)
Cash from operating activities			
Interest paid		(11,797)	(27,495)
Income tax paid		(116,073)	(139,384)
Net cash from operating activities		**225,687**	**182,503**
Cash flows from investing activities			
Proceeds from the sale of non-current assets held for sale	6, 15	18,330	73,636
Proceeds from financial assets		-	6,774
Proceeds from sale of intangible assets	6	-	36,038
Proceeds from holdings	6, 15	-	49,873
Interest collection		4,604	1,571
Acquisition of subsidiaries, net of cash and cash equivalents	27	(45,853)	(47,620)
Acquisition of property, plant and equipment	11, 15	(93,128)	(97,442)
Acquisition of intangible assets	13, 15	(9,503)	(7,047)
Net cash from investing activities		**(125,550)**	**15,783**
Cash flows from financing activities			
Payments from the issue of own shares and equity instruments		183	(2,127)
Financing received		64,944	26,376
Proceeds from debentures and other marketable securities		-	594,117
Debt payments		(52,105)	(543,791)
Payments from debts with group companies		-	(112,374)
Payments from other debts		(15,509)	-
Dividends paid	9	(94,552)	(42,960)
Net cash from financing activities		**(97,039)**	**(80,759)**
Net increase/(decrease) in cash and cash equivalents		3,098	117,527
Cash and cash equivalents at the beginning of year		317,876	211,603
Effect of exchange differences		(46,950)	(11,254)
Cash and cash equivalents at the end of the period		**274,024**	**317,876**
It includes:			
- Cash and cash equivalents at the end of the period of continuing operations		273,756	317,777
- Cash and cash equivalents at the end of the period of discontinued operations (Note 15)		268	99

The Notes on pages **9** to **89** form an integral part of the consolidated annual accounts.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2018 AND 2017

1. General information about the company

Prosegur Cash is a group of companies comprising Prosegur Cash, S.A. (hereinafter, the company) and its subsidiaries (together, Prosegur Cash or the Prosegur Cash Group) with a presence in the following countries: Spain, Portugal, France, Germany, Luxembourg, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, Philippines, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, South Africa, India and Australia.

The Company was incorporated in Madrid on 22 February 2016 and is entered in the Mercantile Register of Madrid. The registered offices of Prosegur Cash, S.A. are at Calle Santa Sabina, 8, Madrid (Spain).

On 17 March 2017, shares in Prosegur Cash, S.A. began trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia via the Spanish Stock Exchange Interconnection System (SIBE). On 7 April 2017, the Green Shoe period of the stock market flotation ended, and the free float attained 27.5 % of the total share capital of Prosegur Cash S.A.

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

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the share capital of Prosegur Compañía de Seguridad, S.A., which consolidates Prosegur in its consolidated financial statements.

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

These consolidated annual accounts were authorised for issue by the directors on 25 February 2019 and are pending approval by the shareholders at their general meeting. However, the directors consider that these consolidated annual accounts will be approved with no changes.

Appendix I contains detailed information regarding the subsidiaries of Prosegur Cash S.A. Furthermore, the Group takes part in joint ventures with other parties (Note 14 and Appendix II).

2. Basis of Presentation

2.1. Basis for presentation of the consolidated annual accounts

The accompanying 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 regulations to present fairly the consolidated equity and consolidated financial position of Prosegur Cash, S.A. and subsidiaries at 31 December 2018, as well as the consolidated profit and loss from its operations and consolidated cash flows for the year then ended. The consolidated annual accounts are filed yearly in the Mercantile Register of Madrid.

Note that these annual accounts omit such information or breakdowns that, not requiring details because of their qualitative importance, have been considered not material or not relatively important in accordance with the concept of Materiality or Relative Importance defined in the conceptual framework of IFRS-EU.

2.2 Changes in the consolidation scope

The most significant changes in the consolidation scope in 2018 are detailed below.

The following companies were incorporated or merged in 2018:

- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- The company Prosegur Servicios de Pago EP S.L.U. was incorporated in Spain in June 2018.
- Two companies were incorporated in the Philippines in June 2018: Prosegur Global Resources Holding Philippines Incorporated and Prosegur Filipinas Corporation.
- In July 2018 Prosegur Logistica e Armazenamento Ltda was incorporated in Brazil.
- In December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

In 2018, the Brazil Security business was sold (Note 15).

The rest of changes to the consolidated group in 2018 are acquisitions of subsidiaries, details of which are provided in Note 27.

2.3 Basis for valuation

These consolidated annual accounts were prepared on the historical cost basis with the following exceptions, where appropriate:

- Hyperinflation: as a result of considering Argentina as a hyperinflationary economy, the balances of the Argentine companies in the Prosegur Cash Group are expressed at current cost before being included in the consolidated financial statements.
- The assets, liabilities and contingencies acquired in business combinations are recognised at fair value.
- Non-current assets and disposable groups of items classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Moreover, the Prosegur Cash Group opted to measure its assets and liabilities in its first consolidated annual accounts in accordance with IFRS-EU, considering the accounting values included in the consolidated annual accounts of the Prosegur Group, eliminating the consolidation adjustments performed by the latter, and consequently Prosegur Cash adopted the same options under 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 financial statements for 2018 include comparative figures for the previous year. The accounting policies applied for the first time in 2018 which did not imply a restatement of the consolidated annual accounts for 2017 are summarised in Note 32.

The treatment of Argentina as a hyperinflationary economy must be taken into account for the purposes of comparing the two years. The financial statements of the Argentine subsidiaries whose functional currency is the Argentine peso have been re-stated in terms of the current unit of measurement at closing date before being included in the consolidated financial statements. In accordance with the criteria contained in IFRS-EU, the comparative figures for 2017 have not been restated.

2.5 Estimates, assumptions and relevant judgements

The preparation of the consolidated annual accounts in accordance with EU-IFRS requires the application of relevant accounting estimates and the undertaking of judgements, estimates and assumptions in the process for application of the Prosegur Cash accounting policies and measurement of the assets, liabilities and losses and gains.

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

Accounting estimates and assumptions

Information on relevant accounting estimates, assumptions and judgements in applying the accounting policies for the years 2018 and 2017, that pose a significant risk of causing material adjustments in the year ending on 31 December 2018, are included in the following notes:

- Business combinations: determination of the interim fair values and related goodwill (Notes 27 and 32.2).
- Impairment of property, plant and equipment and intangible assets (including goodwill): assumptions used to calculate recoverable amounts (Notes 11, 12, 13, 32.6, 32.7, 32.8, and 32.9).
- Available-for-sale financial assets: assumptions used to the calculation of the fair values (Notes 15 and 32.10).
- Impairment of financial assets: calculated based on the expected loss (Note 18).
- 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 schemes for employees: actuarial hypotheses for the provision of defined benefit schemes 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 for assets and liabilities, financial as well as non-financial.

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 fulfilment of such information with the EU-IFRS and the level of fair value in 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: inputs 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: inputs 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 fair value, the fair value measurement is classified in its entirety into the same level of fair value, corresponding to the significant input data level for the complete measurement presented by the lower Level.

Prosegur Cash recognises transfers among levels of fair value 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:

- Notes 15: Non-current Assets Held for Sale
- Note 27: business combinations.
- Note 29.3: financial instruments and fair value.

3. Revenue

Revenue was obtained solely through the services provided.

Thousands of Euros	31/12/2018	31/12/2017
Provision of services	1,731,605	1,924,258
Total revenues	**1,731,605**	**1,924,258**

See Note 10 for further information on revenues by geographical area. See Note 32.20 for a description of the Group's policy for recognising revenue.

4. Cost of sales and selling and administrative expenses

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

Thousands of Euros	31/12/2018	31/12/2017
Supplies	49,228	45,796
Employee benefits expenses (Note 5)	803,009	888,364
Operating leases	10,657	12,972
Supplies and external services	123,994	116,538
Amortisations	39,967	36,586
Other expenses	104,860	130,488
Total costof sales	**1,131,715**	**1,230,744**

Thousands of Euros	31/12/2018	31/12/2017
Supplies	930	1,237
Employee benefits expenses (Note 5)	86,148	87,424
Operating leases	35,279	33,257
Supplies and external services	57,872	53,682
Amortisations	32,348	31,288
Other expenses	118,225	124,144
Total sale and administrative expenses	**330,802**	**331,032**

The heading Other expenses, in sale and administrative expenses, includes expenses for management support services and trademark usage expenses totalling EUR 94,170 thousand (EUR 78,311 thousand in 2017), Note 28. The main change in expenses for management support services is associated with the support costs in Brazil, which, following the spin-off on 31 December 2017 (Note 15) were included under invoicing for management support services. At December 2018, support costs in Brazil amounted to EUR 16,721 thousand (EUR 19,089 thousand in 2017).

Furthermore, this heading includes indirect taxation costs, mainly from Argentina and Brazil in the amount of EUR 12,081 thousand (EUR 18,287 thousand in 2017).

The reduction in employee benefit expenses, by costs to sell, was due mainly to the depreciation in the main currencies, and, to a lesser extent, lower provisions for employment-related litigation (Note 21).

The heading Other expenses, in costs of sales, diminished in 2018 by EUR 25,628 thousand, as a result, mainly, of a reduction in annual incidents and shipping costs.

The heading Supplies and external services includes costs for repairs to items of transport, counting machines, and operating subcontracts to third parties and other advisers such as attorneys, auditors and consultants.

5. Employee benefits

5.1 Employee benefits expenses

Details of the employee benefits expense are as follows:

Thousands of Euros	31/12/2018	31/12/2017
Salaries and wages	663,829	709,567
Social Security	156,183	173,758
Other employee benefits expenses	42,749	52,628
Indemnities	26,396	39,835
Total employee benefits expense	**889,157**	**975,788**

Wages and salaries includes the expense relating to the commitment accrued in 2018 under the 2017 Plan and the 2020 Plan for the Executive President, Chief Executive Officer and Executive Director of Prosegur Cash (Note 32.19) amounting to EUR 1,852 thousand (Note 21) (EUR 2,331 thousand in 2017). The heading Compensation includes expenses relating to the allocation of provisions for employment risks in 2018, and the reduction in comparison to 2017 corresponds mainly to the Brazilian labour reform (Note 21).

5.2 Employee benefits

The Prosegur Cash Group contributes to various defined benefit schemes in Germany, Brazil, France, Honduras, Nicaragua, El Salvador and Mexico. The defined benefit plan comprising post-employment healthcare offered to employees in Brazil compliant with local legislation (Act 9656). The Mexico defined benefit plan consists of seniority bonuses; the defined benefit schemes in France and Germany consist of retirement awards; while the pension plans in Nicaragua, El Salvador and Honduras consist of severance compensation.

In 2018, the amount recognised as higher employee benefit expenses in the consolidated income statement under the heading cost of sales and selling, and administrative expenses came to EUR 586 thousand (EUR 351 thousand in 2017).

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

Thousands of Euros	31/12/2018	31/12/2017
Balance at 1 January	**7,759**	**7,462**
Business combinations	68	-
Net Cost/(Income) of the period	586	351
Contributions to the plan	(449)	(579)
Actuarial Loss/(Profit)	807	1,137
Translation differences	212	(612)
Balance at 31 December	**8,983**	**7,759**

In 2018, the negative impact on equity arising from actuarial losses amounted to EUR 513 thousand (negative impact of EUR 751 thousand in 2017) (Note 21).

The breakdown by country of actuarial losses at 31 December is the following:

Thousands of Euros	31/12/2018	31/12/2017
Brazil	6,093	4,365
France	1,844	1,910
Germany	201	620
Mexico	756	864
Central America	89	-
	8,983	**7,759**

At 31 December 2018, the defined benefit schemes in Brazil involved 11,010 employees (10,403 employees in 2017). The France plan involved 616 employees in 2018 (622 employees in 2017). The Germany plan involved 3 employees at 31 December 2018 (2 employees in 2017). The Mexico plan involved 904 employees at 31 December 2018 (873 employees in 2017). The Central America plans involved 922 employees.

The breakdown of actuarial assumptions used to calculate the current value of the main obligations pursuant to the defined benefit schemes in Brazil, France, Germany, Mexico and Central America is as follows:

	Brazil		France		Germany		Mexico		Nicaragua	Honduras	El Salvador
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2018	31/12/2018
Inflation rate	4.5%	5.0%	1.0%	1.0%	1.8%	1.8%	3.5%	3.5%	5.0%	7.0%	2.0%
Annual discount rate	5.1%	5.4%	1.5%	1.5%	1.0%	1.8%	11.5%	9.5%	8.5%	6.6%	4.3%
Retirement age	65	65	65	65	65	65	n/a	n/a	n/a	n/a	n/a

The age factor assumed in the Brazil benefits plan according to the experiences of the Prosegur Cash Group is as follows:

- 0 to 5 Minimum Wages = 16.97%
- 5 to 10 Minimum Wages = 14.29%
- more than 10 Minimum Wages = 11.42%

The mortality tables used in determining the defined benefit obligations were as follows:

Brazil		France		Germany		Mexico		Nicaragua	Honduras	El Salvador
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2018	31/12/2018
AT 2000 smoothed by 10% segregated by gender	AT 2000 smoothed by 10% segregated by gender	INSEE 2017	INSEE 2017	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Mexican Experiment of the Social Security for Assets 1997	Mexican Experiment of the Social Security for Assets 1997	100% of the securities of Watson Wyatt Worldwide	n/a	100% of the securities of Watson Wyatt Worldwide

The variables in the defined benefit schemes that expose the Prosegur Cash Group to actuarial risks are as follows: future mortality rate, medical cost trend, inflation, retirement age, discount rate and market.

6. Other revenues and expenses

Other income

Thousands of Euros	31/12/2018	31/12/2017
Profits from the sales of holdings	-	49,873
Profits from the sale of intangible assets	-	36,038
Income from the lease of investment properties	-	1,249
Other income	823	921
Total other income	**823**	**88,081**

At 31 December 2017, the heading Other income of the consolidated income statement included mainly the gain resulting from the sale of the 100% stake held by Prosegur Cash in the Spanish company Compañía Ridur 2016, S.A., amounts to EUR 49,873 thousand, and the gain recognised from the sale of certain Prosegur trademark registrations, owned by Juncadella Prosegur Internacional, S.A., both the Prosegur Group in March 2017, amounting to EUR 36,038 thousand (Note 28). The price of these two transactions was set based on the appraisals of independent experts conducted near the time of the sale.

Furthermore, lease revenue accrued on investment property until the time of its sale in 2017 amounted to EUR 1,249 thousand (Note 15).

Other expenses

Details of other expenses are as follows:

Thousands of Euros	31/12/2018	31/12/2017
Impairment losses on trade receivables	(1,175)	(1,614)
Impairment losses on non-current assets	-	(104)
Net profits/(losses) on disposal of investment properties	-	(1,389)
Other expenses	(404)	(952)
Total other expenses	**(1,579)**	**(4,059)**

In 2017, the heading Net losses on disposal of investment property included mainly losses on the sale of investment property in Argentina to the Prosegur Group (Note 28.2), in the amount of EUR 1,089 thousand.

7. Net financial expenses

Details of the net financial expenses are as follows:

Thousands of Euros	31/12/2018	31/12/2017
Interest paid:		
- Loans and borrowings	(7,494)	(15,948)
- Bonds and other marketable securities	(8,250)	(688)
- Loans with other companies (includes Group Companies)	(215)	(152)
- Finance leases	(819)	(1,874)
	(16,778)	**(18,662)**
Interest received:		
- Credits and other investments (includes Group Companies)	6,729	454
	6,729	**454**
Other profit/(loss)		
Net profits/(losses) on foreign currency transactions	21,364	25,600
Net financial expenses from net monetary position	(7,266)	-
Other financial income	4,768	6,457
Other financial expenses	(12,716)	(14,580)
	6,150	**17,477**
Net financial costs	**(3,899)**	**(731)**
Total finance income	**32,861**	**32,511**
Total finance costs	**(36,760)**	**(33,242)**
Net financial costs	**(3,899)**	**(731)**

Interest expenses on debentures and other negotiable securities arose mainly as a result of the issuance of bonds in the nominal amount of EUR 600,000 thousand (Note 22). The reduction in bank borrowings was due to the change in the financing strategy, opting instead to issue bonds (Note 22).

The changes under the heading Loans and other investments correspond to the finance income obtained following the investment of cash surpluses, mainly from Argentina, for a total amount of EUR 4,371 thousand.

Finance income and expenses with companies belonging to the Prosegur Group amounted to EUR 0 and EUR 683 thousand, respectively (Note 28.2).

Finance expenses deriving from the net monetary position amounted to EUR 7,266 thousand. Said item evidences exposure to currency exchange rates in the purchasing power of the Argentine peso, after applying IAS 29 in 2018 (Note 32.27).

The rest of the financial income and expenses arise from financial assets and liabilities valued at amortized cost.

Changes in net gains from foreign currency transactions between the years 2018 and 2017 correspond to the transactions in foreign currencies other than the functional currency originating at subsidiaries.

The heading Other financial income and expenses includes mainly monetary adjustments resulting from calculating the amortised cost of the debt, as well as the court bonds associated with employment-related litigation in Brazil (Note 21), and the monetary adjustments from tax contingencies, mainly in Brazil (Note 21) and the monetary adjustment from deferred payments of business combinations taking place in the various countries (Note 27).

At 31 December 2018 and 2017, Prosegur Cash has no derivative financial instruments.

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	2018
Profit for the year attributable to owners of the Parent	174,216,501
Weighted average number of ordinary shares outstanding	1,498,942,693
Basic earnings per share	**0.1162**

Euros	2017
Profit for the year attributable to owners of the Parent	304,873,830
Weighted average number of ordinary shares outstanding	1,498,942,693
Basic earnings per share	**0.2034**

Diluted

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

The parent company has no potentially diluting effects.

9. Dividends per share

On 19 December 2018, the Board of Directors approved an interim dividend amounting to EUR 118,050 thousand, i.e. EUR 0.07870 per share, considering that the share capital on the date of the meeting of the Board of Directors comprised 1,500 million shares. Shareholders received 25% of the approved dividend, amounting to EUR 29,512 thousand, on 28 December 2018. The remainder will be paid in March, June and September 2019, in equal instalments of EUR 29,512 thousand each.

The provisional accounting statement presented by the Board of Directors in accordance with the legal requirements that evidenced the lack of sufficient liquidity to pay the aforementioned interim dividend is set forth below:

Thousand of Euros	**2018**
1. Initial cash on hand (before the interim dividend)	13,732
2. Group current bank account balances	(150,198)
3. Current proceeds	514
4. Temporary financial investments	300,000
5. Payments for current transactions	(4,899)
6. Payments for financial transactions	(7,497)
7. Extraordinary payments	(1,948)
Forecast cash	149,704
Less dividend payments according to the proposal	(118,050)
Final cash after dividends	**31,654**

10. Segment reporting

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

The Board of Directors analyses the business by region.

The main segments are identified in geographic terms as follows:

- Europe, comprising the following countries: Spain, Germany, France, Portugal and Luxembourg (although there is no actual operating activity here, it is included because of the existence of Luxembourg company Pitco Reinsurance, S.A., whose corporate purpose is insurance coverage).
- Rest of the world (AOA), comprising the following countries: Australia, India, Singapore (although there is no actual operating activity here, it is included because of the existence of Singapore company Singpai Pte Ltd, whose corporate purpose is administrative coverage), Philippines and South Africa.
- Ibero-America, which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay, Guatemala, Nicaragua, Costa Rica, El Salvador and Honduras.

The regions are a pivotal axis for the organisation and are represented in the General Regional Business Areas, which are in charge of commercial negotiations, as well as designing the services required by each client, covering all business lines in each region. Segments are defined in accordance with the organisational structure and based on the similarities between both macroeconomic and commercial markets and market operations, as well as on the basis of the commercial negotiations between countries in each region.

Prosegur Cash has a broad portfolio of global clients which permits regional, rather than national, negotiations. Consequently, segmentation by region is the best way to manage at EBIT level, and this is compatible with decision-making at more granular levels based on business indicators.

The following ratios are used in segment reporting:

- EBITDA: consolidated profit/(loss) before depreciation and amortization, finance income/(expense), corporate income tax and earnings from discontinued operations.
- EBIT: consolidated profit/(loss) before finance income/(expense), corporate income tax and earnings from discontinued operations.
- Consolidated profit/(loss) for the year: consolidated profit after taxes.

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

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

Total assets allocated to segments do not include other current and non-current financial assets, non-current assets held for sale or cash and cash equivalents, as these are managed together by Prosegur Cash.

The total liabilities allocated to segments do not include bank debts, except for finance lease payables, as the financing activity is managed together by Prosegur Cash.

The breakdown of ordinary income, EBIT and net profit, by segment

Details of revenues by segment are as follows:

Thousands of Euros	Europe		AOA		Ibero-America		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Revenue	491,023	465,354	92,460	99,336	1,148,122	1,359,568	1,731,605	1,924,258
% of total	28%	24%	5%	5%	67%	71%	100%	100%
Total sales	**491,023**	**465,354**	**92,460**	**99,336**	**1,148,122**	**1,359,568**	**1,731,605**	**1,924,258**

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

Thousands of Euros	Europe		AOA		Ibero-America		No allocated		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Sales	491,023	465,354	92,460	99,336	1,148,122	1,359,568	-	-	1,731,605	1,924,258
Other net costs	(441,089)	(409,546)	(98,094)	(95,524)	(852,099)	(991,077)	-	84,819	(1,391,282)	(1,411,328)
EBITDA	49,934	55,808	(5,634)	3,812	296,023	368,491	-	84,819	340,323	512,930
Depreciation and amortisation	(15,832)	(14,804)	(7,857)	(7,689)	(48,626)	(45,379)	-	-	(72,315)	(67,872)
Operating profit/(loss) (EBIT)	34,102	41,004	(13,491)	(3,877)	247,397	323,112	-	84,819	268,008	445,058
Net financial costs	(11,599)	(15,918)	(2,732)	(2,493)	10,432	17,680	-	-	(3,899)	(731)
Income tax	(16,562)	(1,277)	3,588	402	(76,907)	(122,641)	-	(16,450)	(89,881)	(139,966)
Post-tax profit from continuing operations	5,941	23,809	(12,635)	(5,968)	180,922	218,151	-	68,369	174,228	304,361

Below are the allocated and unallocated profit/(loss) in the income statement:

(In thousands of Euros)	Total allocated		Total not allocated			Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	Note	31/12/2018	31/12/2017
Revenue	1,731,605	1,924,258	-	-	3	1,731,605	1,924,258
Cost of sales	(1,131,715)	(1,230,744)	-	-	4	(1,131,715)	(1,230,744)
Gross profit	**599,890**	**693,514**	**-**	**-**		**599,890**	**693,514**
Other income	823	920	-	87,161	6	823	88,081
Sale and administrative expenses	(330,802)	(331,032)	-	-	4	(330,802)	(331,032)
Other expenses	(1,579)	(1,717)	-	(2,342)	6	(1,579)	(4,059)
Stake in profits / (losses) for the year of Investments accounted for using the equity method	(324)	(1,446)	-	-	14	(324)	(1,446)
Operating profit/(loss) (EBIT)	**268,008**	**360,239**	**-**	**84,819**		**268,008**	**445,058**
Finance income	32,861	32,511	-	-	7	32,861	32,511
Finance expenses	(36,760)	(33,242)	-	-	7	(36,760)	(33,242)
Net financial income / (Costs)	**(3,899)**	**(731)**	**-**			**(3,899)**	**(731)**
Profit before tax	**264,109**	**359,508**	**-**	**84,819**		**264,109**	**444,327**
Income tax	(89,881)	(123,516)	-	(16,450)	24	(89,881)	(139,966)
Post-tax profit from continuing operations	**174,228**	**235,992**	**-**	**68,369**		**174,228**	**304,361**
Post-tax profit from discontinued operations	-	-	(11)	489	15	(11)	489
Consolidated profit/(loss) for the period	**174,228**	**235,992**	**(11)**	**68,858**		**174,217**	**304,850**

Unallocated profit/(loss) in 2017 corresponds to the following items:

Thousands of Euros	31/12/2017
Sale of brand to Prosegur Group (Note 6)	36,038
Sale of Ridur holding to Prosegur Group (Note 6)	49,873
Profits (Loss) sale of investment properties (Note 6)	(1,389)
Income from the lease of investment properties (Note 6)	1,249
Others (Note 6)	(952)
EBITDA/EBIT	**84,819**
Taxes associated to corporate restructuring (Note 24)	(9,010)
Taxes for other unallocated items	(1,170)
Taxes sale of Brazil security	(6,270)
Taxes from continuing operations	**(16,450)**
Post-tax profit from continuing operations	**68,369**

Details of ordinary income by activity are as follows:

Thousands of Euros	Europe		AOA		Ibero-America		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Transport and Custody of Valued Goods national and international:	267,414	260,267	60,737	53,724	764,317	954,841	1,092,468	1,268,832
% of total	54.5%	55.9%	65.7%	54.1%	66.6%	70.1%	63.1%	65.9%
Cash Management	150,951	150,859	25,595	35,981	257,913	302,072	434,459	488,912
% of total	30.7%	32.4%	27.7%	36.2%	22.5%	22.2%	25.1%	25.4%
New Products	72,658	54,228	6,128	9,631	125,892	102,655	204,678	166,514
% of total	14.8%	11.7%	6.6%	9.7%	11.0%	7.6%	11.8%	8.7%
	491,023	**465,354**	**92,460**	**99,336**	**1,148,122**	**1,359,568**	**1,731,605**	**1,924,258**

The services provided by the Prosegur Cash Group via its subsidiaries are classified in the following business lines within the geographic segments:

- Transport: transport in armoured vehicles and custody in the Group's vaults of funds and securities, as well as valuables such as jewellery, works of art, precious metals, electronic devices, ballot papers and legal evidence.
- Cash management: preparation of bank notes and coins for recirculation according to national legislation and central bank requirements. Included are processing, packaging and recycling of bank notes.
- Outsourcing: comprising various products, including mainly:
    - Cash cycle management, from planning cash needs in ATMs, minimising the finance and logistical cost, and ensuring the availability of cash, to loading cash into ATMs in the denominations requested and balancing the cash data present in the ATM at the time of its loading, with ATM slips printout.
    - Comprehensive smart cash management in the front office or back office at retail clients. This includes part of cash management and transport and custody but they are included in the package.
    - Added-value outsourcing of other services at financial institutions (AVOS) includes performing services such as document management, means of payment support services, legal services.

The distribution of assets by segment

The distribution of assets by segment is as follows:

Distribution of Cash business assets by geographic segments

	Europe		AOA		Ibero-America		Not allocated to segments		Total	
Thousands of Euros	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-current assets allocated to segments	**339,180**	**112,645**	**100,188**	**101,090**	**863,087**	**1,068,558**	**122,898**	**55,393**	**1,425,353**	**1,337,686**
Other unallocated assets	**-**	**-**	**-**	**-**	**-**	**-**	**280,913**	**369,067**	**280,913**	**369,067**
Other non-current financial assets	-	-	-	-	-	-	6,515	5,709	6,515	5,709
Non-current Assets held for sale	-	-	-	-	-	-	642	45,581	642	45,581
Cash and cash equivalents	-	-	-	-	-	-	273,756	317,777	273,756	317,777

Distribution of Security business assets by geographic segments

Unlike in 2017, profit/(loss) in 2018 does not include operations from the Brazil Security business. In 2017, net profit /(loss) included 27 regions of the Brazil Security business, of which 23 had been sold on 31 December 2017 and 4 on 31 July 2018.

The distribution of liabilities by segment

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

	Europe		AOA		Ibero-America		Not allocated to segments		Total	
Thousands of Euros	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Liabilities allocated to segments	**214,950**	**181,938**	**76,808**	**70,909**	**318,065**	**302,125**	**105,936**	**122,474**	**715,759**	**677,446**
Other unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**752,517**	**765,518**	**752,517**	**765,518**
Bank borrowing	-	-	-	-	-	-	752,517	738,723	752,517	738,723
Liabilities directly associated with non-current assets held for sale	-	-	-	-	-	-	-	26,795	-	26,795

Below is the statement of cash flows solely for the Cash business.

(In thousands of Euros)	Note	31/12/2018	31/12/2017
Cash flows from operating activities			
Profit/(loss) for the year		**174,228**	**304,361**
Adjustments for:			
Depreciations and amortizations	11.13	72,315	67,874
Impairment losses on non-current assets	11	-	104
Impairment losses on trade receivables and inventory	6, 18	1,217	1,619
Change in provisions	21	18,993	39,544
Finance income	7, 15	(32,813)	(32,511)
Finance expenses	7, 15	82,037	33,242
Stakes in (profits)/losses of investments accounted for using the equity method	14	324	(1,446)
(Profit) / Loss on disposal and sale of property, plant and equipment and investment properties	6	714	1,389
(Profit) / Loss on sale of holdings and intangible assets	6	-	(85,911)
Income tax	24	89,881	139,966
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		(1,767)	282
Customers and other receivables (including Group companies)		(45,541)	4,843
Trade and other payables (including Group companies)		18,712	(35,109)
Payment of provisions	15, 21	(17,741)	(39,853)
Other Current Liabilities		(7,171)	(4,253)
Cash from operating activities			
Interest paid		(11,797)	(17,471)
Income tax paid		(116,073)	(139,384)
Net cash from operating activities		**225,518**	**237,287**
Cash flows from investing activities			
Proceeds from the sale of non-current assets held for sale	6, 15	18,330	70,300
Proceeds from financial assets		-	6,774
Proceeds from sale of intangible assets	6	-	36,038
Proceeds from holdings	6, 15	-	49,873
Interest collection		4,604	1,571
Acquisition of subsidiaries, net of cash and cash equivalents	27	(45,853)	(47,620)
Acquisition of property, plant and equipment	11, 15	(93,128)	(97,790)
Acquisition of intangible assets	13, 15	(9,503)	(7,047)
Net cash from investing activities		**(125,550)**	**12,099**
Cash flows from financing activities			
Payments from the issue of own shares and equity instruments		183	(2,127)
Financing received		64,944	-
Proceeds from debentures and other marketable securities		-	594,117
Debt payments		(52,105)	(543,791)
Payments from debts with group companies		-	(112,374)
Payments from other debts		(15,509)	-
Dividends paid	9	(94,552)	(42,960)
Net cash from financing activities		**(97,039)**	**(107,134)**
Net increase/(decrease) in cash and cash equivalents		2,929	142,252
Cash and cash equivalents at the beginning of year		317,777	188,780
Effect of exchange differences		(46,950)	(13,255)
Cash and cash equivalents at the end of the period		**273,756**	**317,777**
It includes:			
- Cash and cash equivalents at the end of the period of continuing operations		273,756	317,777

11. Property, Plant and Equipment

Details and movement 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	Under construction and advances	Total
Cost						
Balance at 01 January 2017	**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 at 31 December 2017	**22,945**	**128,687**	**179,736**	**272,350**	**29,580**	**633,297**
Translation differences	(218)	(5,737)	(8,448)	(11,226)	(749)	(26,378)
Adjustment for Hyperinflation	10,667	10,229	14,647	25,438	(3,595)	57,386
Business combinations (Note 27)	2,688	532	2,147	9,784	138	15,289
New Additions	2,216	23,777	25,945	18,080	18,899	88,917
Write offs	-	(3,807)	(2,863)	(6,292)	(72)	(13,034)
Transfers	1,056	12,385	(8,079)	5,044	(10,406)	-
Balance at 31 December 2018	**39,354**	**166,066**	**203,085**	**313,178**	**33,795**	**755,477**

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Armoured vehicles and other property, plant and equipment	Under construction and advances	Total
Amortisation and impairment						
Balance at 01 January 2017	**(1,205)**	**(67,157)**	**(79,308)**	**(203,744)**	**-**	**(351,414)**
Translation differences	275	5,743	9,650	19,001	-	34,669
Write offs	180	946	2,533	7,093	-	10,752
Transfers	(215)	450	320	(555)	-	-
Amortisation for the year	(662)	(12,165)	(14,433)	(20,680)	-	(47,940)
Provision for impairment recognised in profit and loss	-	-	-	(104)	-	(104)
Balance at 31 December 2017	**(1,627)**	**(72,183)**	**(81,238)**	**(198,989)**	**-**	**(354,037)**
Translation differences	21	2,691	4,600	8,180	-	15,492
Adjustment for Hyperinflation	(2,163)	(7,144)	(13,276)	(20,789)	-	(43,372)
Write offs	-	2,995	2,581	5,834	-	11,410
Transfers	61	(1,157)	740	356	-	-
Amortisation for the year	(858)	(12,179)	(15,669)	(22,804)	-	(51,510)
Balance at 31 December 2018	**(4,566)**	**(86,977)**	**(102,262)**	**(228,212)**	**-**	**(422,017)**
Carrying amount						
At 1 January 2017	16,586	53,916	74,508	76,087	45,262	266,359
At 31 December 2017	21,318	56,504	98,498	73,361	29,580	279,261
At 1 January 2018	21,318	56,504	98,498	73,361	29,580	279,261
At 31 December 2018	34,788	79,089	100,823	84,966	33,795	333,460

At 31 December 2018, additions to property, plant and equipment amount to EUR 88,917 thousand and mainly comprise fitting-out work in progress on bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Spain, Argentina, Colombia and Brazil.

The heading Advances and work in progress, at the end of 2018, includes mainly advances for work on armoured vehicles in Brazil, Argentina and Paraguay, amounting to EUR 3,707 thousand, advances for machinery in Spain, Peru, Brazil and Mexico, amounting to EUR 7,998 thousand, and refurbishments at facilities in Colombia, Germany and Australia, amounting to EUR 11,046 thousand.

No assets are subject to restrictions on title or pledged as security for particular transactions at 31 December 2018.

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

The Prosegur Cash Group's procedures include formalising insurance policies to cover possible risks to which various items within its property, plant and equipment are subject. At 31 December 2018 and 2017 there was no hedge shortfall whatsoever regarding such risks.

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

	On 31 December 2018			
Thousands of euros	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	1,945	66	49,198	51,209
Accumulated amortisation	(1,879)	(66)	(30,265)	(32,210)
Carrying amount	**66**	**-**	**18,933**	**18,999**

	On 31 December 2017			
Thousands of 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
Accumulated amortisation	(6,042)	(74)	(30,622)	(36,738)
Carrying amount	**762**	**-**	**22,701**	**23,463**

The main finance lease agreements pertaining to plant and equipment are as follows:

- Other property, plant and equipment: lease of armoured vehicles in Germany and Brazil.
- Technical plant and machinery: lease of bank note counting machines in Brazil.

Detail of minimum payments and current value of the finance lease liabilities is provided in Note 22.

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of euros	
	31/12/2018	31/12/2017
Balance at 1 January	**318,744**	**317,351**
Business combinations (Note 27)	41,465	16,972
New Additions	791	-
New additions for hyperinflation	4,333	-
Translation differences	(9,195)	(15,579)
Balance at 31 December	**356,138**	**318,744**

Additions to goodwill deriving from business combinations are as follows:

	2018
	Thousands of Euros
Business combinations Ibero-America	23,568
Business combinations Europe	5,990
Business combinations AOA	11,907
	41,465

Calculations relating to business combinations included in 2018 may be adjusted for up to a year from the acquisition date.

		31/12/2017	
	Country	% ownership	Thousands of euros
Grupo Contesta	Spain	100%	5,097
Remaining business combinations of Prosegur Cash	Miscellaneous	100%	11,875
			16,972

Additions correspond to adjustments in the value of the subsequent goodwill as a result of re-estimating the deferred contingent consideration associated with the business combination of the Contesta Group:

		31/12/2018	
	Country	% ownership	Thousands of euros
Grupo Contesta	Spain	100%	791

Details of the estimated goodwill in the tables above and the allocation of the amounts for which measurement was completed in the period are provided in Note 27.

Impairment testing of goodwill impairment

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	
	31/12/2018	**31/12/2017**
Spain CGU	12,631	7,512
France CGU	16,938	16,938
Portugal CGU	5,730	5,730
Germany CGU	35,985	34,305
Subtotal Europe	**71,284**	**64,485**
Australia CGU	34,300	36,243
The Philippines CGU	12,340	-
Subtotal AOA	**46,640**	**36,243**
Brazil CGU	97,453	94,770
Chile CGU	35,586	35,586
Peru CGU	32,165	32,129
Argentina CGU	35,070	30,304
Colombia CGU	19,513	15,156
Rest of LatAm CGU	18,427	10,071
Subtotal Ibero-America	**238,214**	**218,016**
Total	**356,138**	**318,744**

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. The key operating assumptions used to calculate value in use for the various CGUs are based on the company's budgets for the following year and the strategic plan for subsequent years. Both the budget and the plan are approved by Management and calculated on the basis of past years' experience, adjusting for any deviations in previous years. Projections of both gross margin and sales, on which the calculation of value in use are based, are drawn up in accordance with each country's macroeconomic growth and the efficiency plans defined to optimise profit. 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 type of assets included to determine the carrying amount of a CGU are: PPE, goodwill, other intangible assets and working capital.
To identify the cash flows corresponding to the years subsequent to the approved business plan, a perpetual income is calculated based on the cash flow of the last year forecast, that coincides with the estimate of the future price variations in the geographical area where the CGU is located.

Below is a breakdown of the items estimated for calculating value in use and the key assumptions considered:

- Revenue: revenue is estimated on the basis of growth by volume and price. Generally, 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 for optimising client portfolios, applying a profitability analysis methodology aimed at establishing threshold margins, under which it is not considered to be viable to establish a commercial relationship with those clients. The gross margin is calculated as the Group's total revenue less costs to sell, divided by total revenue, expressed as a percentage.
- EBITDA: based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before deducting interest, tax, depreciation and amortisation.
- CAPEX: based primarily on plans to renew the fleet in accordance with its age. We consider the 5% estimated to be a reasonable value for Capex over revenue. It is calculated as the sum of additions to property, plant and equipment and software.
- Working capital: based on optimising DSO or average collection period for trade accounts receivables. The projection is based on revenue growth, in accordance with the DSO determined. We consider the working capital over revenue ratio used (10%) to be reasonable and therefore translatable 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.
- Tax: Tax estimates are calculated in accordance with the effective tax rate in each country and the expected profit/l(loss) therein.

The macroeconomic estimates used are obtained from external information sources.

Details of the key assumptions relating to the most significant CGUs in 2018 are as follows:

31 December 2018	Spain	France	Germany	Portugal	Australia	India	Chile	Brazil	Colombia	Peru	Argentina
Growth rate	1.90%	1.87%	2.56%	2.14%	2.52%	3.98%	3.00%	3.97%	3.04%	1.99%	4.86%
Discount rate	4.98%	4.54%	4.20%	5.07%	7.19%	11.14%	9.12%	13.14%	12.20%	8.92%	24.03%

Details of the key assumptions relating to the most significant CGUs in 2017 are as follows:

On 31 December 2017	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%

Management determines the gross margins budgeted based on past experience and forecast market profit/(loss).

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 were recognised on goodwill in 2018 and 2017.

Along with impairment testing, Prosegur has also performed a sensitivity analysis on the goodwill allocated to the main CGU, for the purposes of the key assumptions.

The sensitivity analysis on EBITDA consists of determining the turning point which would lead to an impairment loss. Accordingly, hypotheses are evaluated until the figures that imply an impairment to be recognised in the financial statements are reached. The percentage represent the amount by which EBITDA would have to diminished in order for the CGU to be impaired, maintaining the other variable constants.

The sensitivity analysis performed on the growth rate consists of determining the weighted average growth/deceleration rate (used to extrapolate cash flows beyond the budget period) from which impairment losses would be incurred by each of the most representative CGUs.

In addition, the sensitivity analysis on the discount rate consists of determining the WACC from which impairment losses would be incurred by each of the most representative CGUs, maintaining the other variables constant.

Along with impairment testing, Prosegur Cash Group has also performed a sensitivity analysis on the goodwill allocated to the main CGU, for the purposes of the key assumptions. Details of the thresholds for discount rates, the growth/deceleration(-) rates and EBITDA, taken independently, above which impairment losses would arise, maintaining the other variables constant, are as follows:

	31/12/2018			31/12/2017		
	Discount rate	**Growth rate**	**EBITDA**	**Discount rate**	**Growth rate**	**EBITDA**
Brazil	17.59%	-2.32%	-16.75%	20.56%	-6.28%	-22.02%
Argentina	356.85%	-100.00%	-60.20%	188.03%	-100.00%	-52.61%
Spain	43.78%	-100.00%	-51.71%	38.62%	-100.00%	-48.69%
France	5.70%	0.56%	-10.07%	5.06%	1.16%	-5.77%
Colombia	12.75%	0.23%	-3.01%	12.55%	2.27%	-3.03%
Peru	31.42%	-90.44%	-46.29%	26.42%	-42.68%	-44.88%
Chile	10.97%	0.70%	-10.00%	11.24%	0.73%	-9.21%
Germany	11.40%	-6.51%	-28.22%	7.70%	-1.24%	-18.65%
Australia	7.95%	-0.17%	-17.82%	10.24%	-0.46%	-14.45%

Impairment losses would arise for discount rates above the percentage indicated in the table, and for growth rates or changes in EBITDA lower than the percentage indicated in the table.

The Prosegur Cash Group does not consider the sensitivity assumptions used to be probable. There are therefore no signs of impairment.

At 31 December 2017, the total fair value of the surveillance business in Brazil, based on an appraisal analysis by an independent adviser, was set at BRL 63,273 thousand (equivalent, on 31 December 2017, to EUR 18.444 thousand). Since the estimated fair value was higher than the net carrying amount of the assets and liabilities on the valuation date, no impairment loss was recognised (Note 15).

The valuation was based on the discounted cash flow method (fair value level 3). The valuation model took into account the current value of future cash flows discounted at a discount rate for the company/projects adjusted to the business risk, which included the rate of return required by shareholders and creditors of debt net of taxes. The flows forecast were determined taking into account the revenue and EBITDA forecast on the basis of the budget approved by Management. Significant unobservable variables used related to the forecast annual growth in revenue, as per the company's expectations, long-term growth in line with long-term inflation forecasts in Brazil (4.51%), and forecast EBITDA [2016-2019: from (0.3%) to 2.6%].

13. Other intangible assets

Details and movement of other main intangible assets are as follows:

Thousands of euros	Computer software	Customer portfolios	Trademarks and licences	Other intangible assets	Total
Cost					
Balance at 01 January 2017	**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 at 31 December 2017	**32,368**	**240,292**	**13,650**	**5,565**	**291,875**
Translation differences	(13)	(20,790)	(765)	(340)	(21,908)
Business combinations (Note 27)	-	37,848	2,390	339	40,577
Adjustment for Hyperinflation	289	3,420	-	-	3,709
New Additions	8,641	479	-	420	9,540
Write offs	(458)	-	-	-	(458)
Balance at 31 December 2018	**40,827**	**261,249**	**15,275**	**5,984**	**323,335**
Depreciation and amortisation					
Balance at 01 January 2017	**(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
Amortisation for the year	(3,284)	(16,508)	-	(143)	(19,935)
Balance at 31 December 2017	**(21,739)**	**(93,771)**	**(12,442)**	**(4,689)**	**(132,641)**
Translation differences	88	9,175	1,438	309	11,010
Write offs	16	-	-	-	16
Adjustment for Hyperinflation	(808)	(1,088)	(479)	-	(2,375)
Amortisation for the year	(3,890)	(16,243)	(251)	(421)	(20,805)
Balance at 31 December 2018	**(26,333)**	**(101,927)**	**(11,734)**	**(4,801)**	**(144,795)**
Carrying amount					
At 01 January 2017	13,136	160,611	-	109	173,856
At 31 December 2017	10,629	146,521	1,208	876	159,234
At 1 January 2018	10,629	146,521	1,208	876	159,234
At 31 December 2018	14,494	159,322	3,541	1,183	178,540

The trademarks presented under movements of intangible assets arise entirely as a result of business combinations and have a defined useful life.

The carrying amount at 31 December 2018 of individually significant client portfolios and their remaining useful lives are as follows:

	31/12/2018				
Thousands of Euros	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Portfolio of large clients Grupo Nordeste	Brazil	60,293	(22,889)	37,404	12 years and 2 months
Portfolio of large clients Norsergel Vigilância e Transportes de Valores Ltda	Brazil	20,784	(11,966)	8,818	7 years
Portfolio of large clients Preserv and Transpev	Brazil	18,768	(13,205)	5,563	4 years and 5 months
Portfolio 5 Main Clients Chubb Security Services PTY LTD	Australia	12,273	(3,230)	9,043	14 years
Portfolio Other Clients Chubb Security Services PTY LTD	Australia	18,131	(4,771)	13,360	14 years
Portfolio business combinations Prosegur Cash	Miscellaneous	3,238	(270)	2,968	17 years and 8 months
Portfolio Grupo Contesta	Spain	9,812	(889)	8,923	12 years and 8 months
Portfolio LatAm Cash	LatAm	17,289	(589)	16,700	Miscellaneous
Portfolio Cash AOA	AOA	5,717	(207)	5,510	6 years
Clients portfolio Transbank	Brazil	6,159	(3,006)	3,153	7 years and 2 months
Clients portfolio Grupo Nordeste	Brazil	5,838	(3,990)	1,848	3 years and 2 months
Portfolio Major Clients	Brazil	4,453	(2,398)	2,055	6 years
Portfolio Other Clients Bahia GrupoNordeste	Brazil	4,563	(2,598)	1,965	5 years and 2 months
		187,318	**(70,008)**	**117,310**	

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

	31/12/2017				
Thousands of Euros	Country	Cost	Amortisation and impairment	Carrying amount	Remaining useful life
Portfolio of large clients Grupo Nordeste	Brazil	78,399	(25,407)	52,992	12 years and 2 months
Portfolio of large clients Norsergel Vigilância e Transportes de Valores Ltda	Brazil	27,668	(14,253)	13,415	8 years
Portfolio of large clients Preserv and Transpev	Brazil	20,987	(13,630)	7,357	5 years and 5 months
Portfolio 5 Main Clients Chubb Security Services PTY LTD	Australia	12,968	(2,730)	10,238	15 years
Portfolio Other Clients Chubb Security Services PTY LTD	Australia	19,158	(4,033)	15,125	15 years
Portfolio business combinations Prosegur Cash	Miscellaneous	9,480	(125)	9,355	18 years and 8 months
Portfolio Grupo Contesta	Spain	9,333	(222)	9,111	13 years and 8 months
Clients portfolio Transbank	Brazil	8,009	(3,337)	4,672	8 years and 2 months
Clients portfolio Grupo Nordeste	Brazil	7,592	(4,428)	3,164	4 years and 2 months
Portfolio Major Clients	Brazil	7,322	(3,380)	3,942	7 years
Portfolio Other Clients Bahia GrupoNordeste	Brazil	5,934	(2,884)	3,050	6 years and 2 months
		206,849	**(74,429)**	**132,420**	

The cost at 31 December 2018 and 2017 for each individually significant client portfolio differs due to exchange rate fluctuations.

In 2018, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combination (see Note 27) :

	Thousands of Euros		
	Trademarks and licences	**Customer portfolios**	**Other intangible assets**
Business combinations Cash Ibero-America	930	28,820	178
Business combinations Cash Europe	-	3,311	161
Business combinations Cash AOA	1,460	5,717	-
	2,390	**37,848**	**339**

In 2017, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of the following business combinations:

	Thousands of euros		
	Computer software	**Customer portfolios**	**Other intangible assets**
Cash Services Australia Pty Limited	-	1,504	-
Grupo Contesta	-	9,333	-
Remaining business combinations of Prosegur Cash	-	14,043	867
	-	**24,880**	**867**

All other intangible assets above have finite useful lives and are amortised at rates of between 4.55% and 25% depending on the estimated useful life. Details of the amortisation percentages of the client portfolio and trademark are described in Note 32.7.

The intangible assets are tested for impairment as described in Notes 32.7 and 32.9. No impairment losses have been recognised or reversed in 2018 and 2017.

No intangible assets are subject to restrictions on title or pledged as security for particular transactions at 31 December 2018.

14. Investments accounted for using the equity method

Equity-accounted investments derive from joint arrangements.

The joint arrangements include the following companies:

- Companies operating in India: SIS Cash Services Private Limited, SIS Prosegur Holdings Private Limited and SIS Prosegur Cash Logistics Private Limited; the latter two are 100%-owned by the former.
- Companies operating in South Africa: SBV Services Proprietary Limited and SBV Services Namibia Proprietary Limited, Carrick Properties (Pinetown) Proprietary Limited, CashLogix Proprietary Limited, Integrated Cash Management Services Limited (ICMS), Security Unlimited (PTY) Limited; all of them 100%-owned by the first of them except for Security Unlimited which is 80%-owned.

These joint arrangements are structured as separate vehicles and the Prosegur Cash Group has a stake in their net assets (49% in SIS Cash Services Private Limited and 33.33% in SBV Services Proprietary Limited). Consequently, the Prosegur Cash Group has classified these shareholdings as Joint Ventures. They are equity-account in accordance with IFRS 11 (see Note 32.2).

The breakdown of the movements of the investments in joint ventures accounted for under the equity method is as follows:

Thousands of euros	31/12/2018	31/12/2017
Stake in joint business	26,433	29,277
	26,433	**29,277**

Thousands of euros	31/12/2018	31/12/2017
Balance at 1 January	**29,277**	**28,955**
Acquisitions	-	-
Share in profits/(losses)	(324)	(1,446)
Transfers	-	-
Translation differences	(2,520)	1,768
Balance at 31 December	**26,433**	**29,277**

In 2018, there were no additions to or removals from equity-accounted investments.

Furthermore, the contractual terms of share subscription rights in SBV in 2016 on the part of the Prosegur Cash Group are hybrid in nature, since they include an implicit derivative. From February 2019 until February 2021, the Prosegur Cash Group has a put option on its entire shareholding in SBV, dependent only upon the Prosegur Cash Group's total stake not exceeding 50% of share capital at the time of exercising the option. If this option is exercised by the Prosegur Cash Group, SBV will be obliged to buy back the shares subscribed by the Prosegur Cash Group on 25 February 2016 and, in the event, the selling shareholder, will be obliged to buy back any shares it has transmitted to the Prosegur Cash subsequently. If SBV is not able to acquire the shares subscribed by the Prosegur Cash Group, the remaining shareholders will subsidiarily be obliged to do so. The sale price will be equal to the price paid for the shares when they were acquired, plus interest at a market rate.

It not being possible to value said implicit derivative separately, and it not being possible to determine its fair value reliably (either at the time of its acquisition or on a later date, due mainly to the put option's having as the underlying asset shares in the acquiring company, which is not listed), the hybrid financial instrument will not be separated and will be classified as a while as equity-accounted investments.

Moreover, the agreements relating to the subscription of shares in SBV also include an inverse purchase option in favour of SBV in certain circumstances. From February 2016 and until February 2019, in the event of a serious breach (not remedied) by the Prosegur Cash Group of its obligations under the technology and intellectual property rights agreement entered into by both of them, SBV will be entitled to demand from Prosegur Cash Group the compulsory transmission (to itself or, in the event, to whichever shareholders have sold shares to the Prosegur Cash Group) of its entire shareholding. The acquisition price will be the same as in the case of the put option described above: the price paid for the shares at the time of their acquisition, plus interest at a market rate increased by a certain margin.

The breakdown of joint ventures accounted for under the equity method is as follows:

Thousands of euros	31/12/2018	31/12/2017
SIS Cash Services Private Limited	4,237	5,597
SIS Prosegur Holdings Private Limited	3,330	4,475
SBV Services Proprietary Limited	18,809	19,152
Carrick Properties (Pinetown) Proprietary Limited	57	53
Balance at 31 December	**26,433**	**29,277**

All the companies listed belong to the AOA segment.

The breakdown of the main amounts of investments accounted for under the equity method is included in Appendix III.

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

15. Non-current Assets Held for Sale

Net assets relating to the Security business in Brazil

At 31 December 2016, Prosegur Cash conducted the Cash and Security business in Brazil through a single local company, Prosegur Brasil, S.A. Transportadora de Valores e Segurança (hereinafter, Prosegur Brazil). On that date, Prosegur Cash signed the contract with the Prosegur Group to sell the Brazil Security business.

On 31 December 2017, the sale of almost the entire Brazil Security business to the Prosegur Group was executed (with the exception of 4 of its 27 regions), for a total of BRL 72,823 thousand (EUR 18,331 thousand, as per the exchange rate on the transaction date). That sale was subsequent to the spin-off of the two businesses of Prosegur Brazil. The sale price was set in the relevant contract based on an independent expert's report in December 2016. The price was set in Euros.

On 31 July 2018, the spin-off of the remaining 4 regions of the Brazil Security business was completed (Note 28). The payment associated with the sale of these four subsidiaries amounted to BRL 960 thousand (equivalent to EUR 242 thousand on the transaction date).

Assets relating to the Security business in Guatemala

On 8 June 2018, the Almo Group was acquired in Central America (Note 27). This acquisition involved the acquisition of a series of assets linked to the Security business belonging to the company Alarmas de Guatemala, which will be sold in the first quarter of 2019. Accordingly, these assets were classified as non-current assets held for sale.

Non-current assets held for sale and liabilities directly linked to non-current assets held for sale:

At 31 December 2018 and 2017, non-current assets held for sale and liabilities directly linked to non-current assets held for sale are recognised at carrying amount and include the following assets and liabilities:

Thousands of Euros	31/12/2018	31/12/2017
Non-current Assets held for sale		
Property, Plant and Equipment	22	1,142
Goodwill	-	7,142
Other intangible assets	-	4,968
Deferred tax assets	-	400
Inventory	-	285
Receivables	351	13,214
Current financial assets	1	18,331
Cash and cash equivalents	268	99
	642	**45,581**

Thousands of Euros	31/12/2018	31/12/2017
Non-current Assets Held for Sale		
Deferred tax liabilities	-	3,521
Non-current provisions	-	8,721
Short-term financial liabilities (Note 28)	-	3,267
Trade and other payables	-	11,117
Other Current Liabilities	-	169
	-	**26,795**

Post-tax profit/(loss) from discontinued operations

Thousands of Euros	31/12/2018	31/12/2017
Revenue	4,450	338,598
Costs of sales	(3,961)	(323,844)
Gross profit	**489**	**14,754**
Other income	-	10,204
Sale and administrative expenses	(55)	(46,679)
Other expenses	(370)	1,292
Profit (loss) through disposals of assets held for sale	(67)	2,229
Operating profit/(loss) (EBIT)	**(3)**	**(18,200)**
Finance income	-	27,730
Finance expenses	(7)	(9,379)
Finance expenses for exchange differences	-	(8,808)
Net financial costs	**(7)**	**9,543**
Profit before tax from discontinued operations	**(10)**	**(8,657)**
Income tax	(1)	9,146
Post-tax profit from discontinued operations	**(11)**	**489**
Attributable to:		
Owners of the Parent	(9)	491
Non-controlling interests	(2)	(2)

Profit/(loss) from discontinued operations in the year ended on 31 December 2017 comprised only profit from the Brazil Security business. Finance income comprised mainly the income for Prosegur Cash from reimbursement of the cash consumed by Brazil Security. Finance expenses comprise mainly the translation differences from the sale of Brazil Security and the monetary adjustments due to labour-related litigation underway in 2017 (Note 21).

Cash flows from/(used in) discontinued operations:

Thousands of Euros	31/12/2018	31/12/2017
Net cash from operating activities	(794)	(54,784)
Net cash from investing activities	-	348
Net cash from financing activities	-	26,373
Net cash generated in the period	**(794)**	**(28,063)**
Effect of exchange differences	8	2,001
Cash through changes in the scope	1,054	3,336
Net increase/(decrease) in cash and cash equivalents	**268**	**22,726**

16. Inventory

Details of inventories are as follows:

	Thousands of euros	
	31/12/2018	31/12/2017
Fuel and others	16,853	3,876
Operating materials	2,522	1,990
Uniforms	297	381
Others	750	-
Impairment of inventories	(627)	(132)
	19,795	6,115

Changes to inventories correspond mainly to the stockpiling of ATMs as a result of the Tellex acquisition (Note 27).

No inventories have been pledged as collateral to secure loans.

17. Non-current financial assets

Non-current financial assets at 31 December 2018 include mainly deposits and guarantees held by the Group amounting to EUR 3,064 thousand, and a loan granted in the amount of EUR 2,130 thousand (EUR 2,565 thousand in 2017) (Note 28) by the Prosegur Cash Group to the Indian company SIS Cash Services Private, Ltd, which is equity-accounted.

18. Trade and other receivables

Details of cash and cash equivalents are as follows:

	Thousands of euros	
	31/12/2018	31/12/2017
Customer receivables for sales and services	265,400	293,650
Less: impairment losses on trade receivables	(8,497)	(7,430)
Clients - net	256,903	286,220
Public administrations	26,250	28,486
Advances to employees	3,439	4,801
Legal deposits	15,795	20,894
Prepayments	13,861	16,397
Other receivables	17,834	26,847
	334,082	**383,645**

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

At 31 December 2018 and 2017 there are no factoring agreements in place.

Legal deposits comprises mainly court bonds associated with employment-related litigation in Brazil (Note 21).

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

	Thousands of euros	
	31/12/2018	**31/12/2017**
0 to 3 months	56,903	75,649
3 to 6 months	3,195	3,441
Over 6 months	520	5,399
	60,618	**84,489**

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

There are no reasonable doubts as to the recoverability of past-due trade receivables for which no impairment has been recognised.

There have been no changes in the client portfolio or any circumstances that cause the expected loss differs from the calculation based on the historical data.

Changes in the impairment of receivables are as follows:

	Thousands of euros	
	31/12/2018	**31/12/2017**
Balance at 31 December	**(7,430)**	**(6,830)**
Transition adjustments (Note 32)	(1,776)	-
Balance at 1 January	**(9,206)**	**(6,830)**
Hyperinflation	591	-
Provision for impairment	(1,175)	(1,614)
Applications and other	527	190
Translation differences	766	824
Balance at 31 December	**(8,497)**	**(7,430)**

As a general rule, impaired receivables are written off when Prosegur does not expect to recover any further amount.

Prosegur's maximum exposure to credit risk at the reporting date is the fair value of the receivables in each of the above-mentioned categories. The Prosegur Cash Group has arranged credit insurance to cover and minimise insolvency risk. This insurance applies to clients in Spain and provides risk cover for new operations and/or expansions of services in relation to existing operations.

The Group considers that the remaining balances other than customers for the provision of services do not present credit risk because they are public Administrations or judicial deposits that are cancelled against the provision of said risks or the recovery thereof.

The procedures followed by 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 of cash and cash equivalents are as follows:

	Thousands of euros	
	31/12/2018	**31/12/2017**
Cash in hand and at banks	226,544	251,384
Current bank deposits	47,212	66,393
	273,756	**317,777**

The effective rate of interest on current bank deposits in 2018 is 6.49% (6.48% in 2017) and the average term of deposits held is 56 days in 2018 (36 days in 2017).

20. Equity

Details of and changes to equity during the year are shown in the consolidated statement of changes in equity.

a) Share capital, share premium and own shares

Details of share capital, share premium and own shares, and changes therein, are as follows:

		Thousands of Euros		
	Number of shares (thousands)	**Share capital**	**Treasury Stock**	**Total**
Balance at 1 January 2017	**1,500,000**	**30,000**	**-**	**30,000**
Acquisition of own shares	-	-	(2,127)	(2,127)
Balance at 31 December 2017	**1,500,000**	**30,000**	**(2,127)**	**27,873**
Sale and acquisition of own shares	-	-	184	184
Balance at 31 December 2018	**1,500,000**	**30,000**	**(1,943)**	**28,057**

Share capital

At 31 December 2018, the share capital of Prosegur Cash, S.A. totals EUR 30,000 thousand and is represented by 1,500,000,000 shares with a par value of EUR 0.02 each, fully subscribed and paid. These shares are listed on the Madrid, Bilbao, Valencia and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (electronic trading system) (SIBE).

Details of the Company's shareholders are as follows:

Composition of the shareholding body:

Shareholders	**Number of shares 31/12/2018**
Ms Helena Revoredo Delvecchio (1)	1,087,500,000
OppenheimerFunds, Inc. (2)	74,880,000
FMR LLC (2)	99,675,000
Others	237,945,000
	1,500,000,000

(1) Investment through Prosegur Compañía de Seguridad, S.A.

(2) Investment through various managed funds.

Treasury Stock

On 8 May 2017, the company arranged a liquidity contract in accordance with regulations applicable at that time. Prior to signing this agreement, the company did not have treasury stock. The operating process prior to the liquidity contract to set up treasury stock ended on 8 June 2017, having attained treasury stock of 1,000,000 shares. The liquidity contract came into operation on 9 June 2017 and ended on 10 July, when contract agreement was terminated. On 7 July 2017, the company signed a new liquidity agreement, entering into force on 11 July 2017, in accordance with the new legislation, commencing operations again to boost the contractual liquidity.

At 2018 year end, Prosegur Cash, S.A.'s treasury stock amounted to 1,057,307 shares (787,474 shares in 2017), of which 602,496 are linked to the liquidity contract (295,789 in 2017).

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

	Number of shares	Thousands of Euros
Balance at 31 December 2017	**787,474**	**2,127**
Purchase of own shares	11,567,356	24,365
Sale of own shares	(11,260,649)	(24,454)
Other awards	(36,874)	(95)
Balance at 31 December 2018	**1,057,307**	**1,943**

b) Retained earnings and other reserves

The main movements in the consolidated statement of changes in equity in 2018 are as follows:

Thousands of Euros	Legal reserve	Other reserves	Other retained earnings	Total
Balance at 31 December 2017	**518**	**-**	**737,053**	**737,571**
Transition adjustments (Note 32)	-	-	(1,196)	(1,196)
First application IAS 29 (Note 32.27)	-	-	32,436	32,436
Translation differences reclassified to reserves	-	-	(363,846)	(363,846)
Balance at 1 January 2018	**518**	**-**	**404,447**	**404,965**
Allocation to legal reserve	5,482	-	(5,482)	-
Total comprehensive income for the year			173,704	173,704
Hyperinflation adjustment	-	-	(93,702)	(93,702)
Dividends (Note 9)	-	-	(118,050)	(118,050)
Other changes	-	-	(443)	(443)
Balance at 31 December 2018	**6,000**	**-**	**360,474**	**366,474**

Among the cumulative earnings are reserves amounting to EUR 433 million, corresponding to the profits/(loss) generated by subsidiaries prior to the contribution to Prosegur Cash, and which cannot therefore be distributed as dividends.

The impacts from the application of IAS 29 and IAS 21.42 on equity were booked under "Retained earnings and other reserves" for a negative net amount of EUR 61,266 thousand. The first application of IAS 29 had a positive impact of EUR 32,436 thousand, with a negative impact due to currency depreciation of EUR 15,637 thousand. The rest of the negative impact associated with IAS 21.42 amounted to EUR 78,065 thousand.

The legal reserve, which amounts to EUR 6,000 thousand, was endowed in compliance with article 274 of the revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully endowed. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, it must be replenished with future profits.

The proposed distribution of the parent company's profit/(loss) for 2018, determined in accordance with prevailing mercantile legislation and standards for the preparation of individual annual accounts, in terms of the interim dividend approved by the company's Board of Directors (Note 9) to be submitted to the shareholders for approval at their annual general meeting, is as follows:

Thousands of Euros	31/12/2018	31/12/2017
Basis of allocation		
Profit for the year	135,618	127,155
	135,618	**127,155**
Allocation		
Legal reserve	-	5,482
Voluntary reserves	17,568	14,273
Dividends	118,050	107,400
	135,618	**127,155**

c) Cumulative translation differences

Translation reserves comprise all the translation differences deriving from the conversion of operations abroad in the financial statements.

Details of these translation differences are as follows:

	Thousands of Euros	
	2018	**2017**
Balance at 1 January	**(501,666)**	**(385,073)**
Transfer from translation differences to reserves	363,846	-
Translation differences of financial statements of foreign operations	(18,726)	(116,593)
Balance at 31 December	**(156,546)**	**(501,666)**

As a result of applying IAS 29 for Argentina, Prosegur Cash has adopted the accounting policy of recognising changes in equity associated with the currency effect, entirely under the heading Other reserves. IAS 29 does not consider that these changes lead to gains or losses in the income statement, but rather treats them as adjustments to equity balances. The translation differences associated with Argentina are presented, from 1 January 2018, under the heading Retained earnings and other reserves in a negative amount of EUR 363,846 thousand.

21. Provisions

Details of provisions and changes are as follows:

Thousands of Euros	Labour-related risks	Legal risks	Restructuring	Employee benefits expense (Note 5.2)	Other risks	Total
Balance at 01 January 2018	**49,772**	**8,054**	**1,522**	**7,759**	**65,719**	**132,826**
Provisions charged to income statement	6,109	1,873	-	586	36,202	44,770
Reversals credited to income statement	(1,237)	(640)	-	-	(23,900)	(25,777)
Applications	(9,217)	(1,787)	(945)	(449)	(5,343)	(17,741)
Financial effect of the discount	2,980	548	-	-	2,103	5,631
Business Combinations	2,996	269	-	68	7,254	10,587
Reversion charged to Equity	-	-	-	807	-	807
Translation differences	(3,785)	(851)	-	212	(6,459)	(10,883)
Reserves	(821)	(73)	-	-	(328)	(1,222)
Balance at 31 December 2018	**46,797**	**7,393**	**577**	**8,983**	**75,248**	**138,998**
Non-current	46,797	7,393	-	8,983	73,550	136,723
Current	-	-	577	-	1,698	2,275

a) *Labour-related risks*

The provisions for occupational risks, which amount to EUR 46,797 at 31 December 2018 (EUR 49,772 thousand at 31 December 2017), are calculated individually based on the estimated probability of success or failure. Said probability is determined by the various law firms that work with the Prosegur Cash Group. Moreover, an internal review is conducted of the probabilities of reaching settlements in each of the litigation based on past experience, on which basis the final provision is calculated.

The provision for employment risks includes mainly provisions linked to employment related litigation in Brazil, which include law suits brought by former and current employees of the Prosegur Cash Group. The characteristics of the country's labour legislation and the business's regulatory requirements mean that these proceedings rare drawn out, leading to a provision of EUR 34,441 thousand, at 31 December 2018 (EUR 36,140 thousand at 31 December 2017), the decrease compared to the previous year was a result of the changes in the Brazilian labour reform. At 31 December 2018, there were 1,630 employment-related litigation underway in Brazil (2,062 at 31 December 2017).

Moreover, this heading also includes a provision amounting to EUR 6,614 thousand (EUR 6,357 thousand in 2017) relating to the business combination formed with Transpev. In 2018, 26 cases were closed, and 76 remain pending.

Provisions charged to income and reversals credited to income statement are included under other expenses in costs to sell in Note 4, and the monetary adjustments associated to said provision are included under other finance expenses (Note 7).

b) *Legal risks*

The provisions for legal risks amount to EUR 7,393 thousand (EUR 8,054 thousand at 31 December 2017), and correspond mainly to civil claims, which are analysed on a case-by-case basis. They include mainly lawsuits in Brazil. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings under way. There are no additional significant legal risks.

c) *Restructuring*

The provisions relate to the acquisition of Brinks Deutschland GmbH in 2013, which has a restructuring provision recognised that corresponds to estimates for the payment of severances for dismissal and other costs. In 2018, payments amounting to EUR 945 thousand were received (31 December 2017: EUR 1,399 thousand).

d) *Employee benefits*

The Prosegur Cash Group maintains various defined benefit schemes in Germany, Brazil, France, Mexico and Central America. The actuarial valuation made by qualified actuaries on the value of the agreed benefits was updated at year end in 2018 and 2017 (Note 5.2).

The defined benefit schemes in Germany and France consist of retirement awards, while the Mexico benefits plan consists of seniority schemes. The defined benefit schemes in Central America consist of severance payments for contract terminations. In Brazil they comprise post-employment healthcare compliant with local legislation (Act 9656).

e) *Other risks*

Provisions for other risks, amounting to EUR 75,248 thousand at 31 December 2018 (EUR 65,719 thousand at 31 December 2017), includes a range of items.

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

We list the most significant ones below:

Tax risks

These refer mainly to tax risks in Brazil and Argentina, amounting to EUR 55,437 thousand (EUR 43,721 thousand at 31 December 2017).

The tax risks associated with Brazil are linked to various items, mainly with direct and indirect municipal and state tax charges, as well as provisions linked to the combination of the Nordeste and Transpev businesses from previous years.

In Argentina they relate to various amounts that are not individually material, linked mainly to municipal and provincial taxes.

The Prosegur Cash Group uses “the most probable profit/(loss)” as the basis for assessing uncertain potential tax risks. Tax risks are classified as material on the basis of opinions in external studies according to the analysis of case law in the matter of reference. Moreover, internal analyses are conducted based on similar cases that have occurred in the past or at other companies.

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

Provisions charged to income and reversals credited to income are included under other expenses in Note 4.

Comcare Australia

In 2018, payments to the occupational accident plan in Australia amounted to EUR 960 thousand (EUR 850 thousand at 31 December 2017). The provision in 2018 amounted to EUR 147 thousand (EUR 838 thousand at 31 December 2017) attaining a total of EUR 3,474 thousand (EUR 4,529 thousand at 31 December 2017), of which EUR 1,001 thousand have a short-term maturity (EUR 963 thousand at 31 December 2017).

Accrued obligations to personnel

These provisions include the accrued incentive in the 2017 and 2020 long-term incentive plan for the Executive President, Executive Director and Senior Management of Prosegur Cash. During the year, provisions to profit/(loss) amounted to EUR 1,852 thousand (EUR 2,331 thousand at 31 December 2017). Said amount includes the amount accrued relating to the 2017 and 2020 Plan.

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

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

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

22. Financial liabilities

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

		31/12/2018			31/12/2017	
Thousands of Euros	Average interest rate	Non-current	Current	Average interest rate	Non-current	Current
Bonds and marketable securities	1.38%	592,438	8,872	1.38%	594,117	-
Loans and borrowings	2.71%	64,314	73,276	5.79%	80,140	36,013
Finance lease payables	4.61%	5,226	6,714	7.58%	10,041	7,843
Credit accounts	6.30%	-	13,617	6.88%	-	18,412
Other payables	12.05%	26,043	29,513	9.61%	12,626	15,262
		688,021	**131,992**		**696,924**	**77,530**

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

Thousands of Euros	Currency	Year of maturity	31/12/2018		31/12/2017	
			Non-current	Current	Non-current	Current
Bonds and other marketable securities	Euro	2026	592,438	8,872	594,117	-
Loans and borrowings	Euro	2019	-	63,317	-	126
Loans and borrowings	Brazilian Real	2019-2020	93	358	-	18,909
Loans and borrowings	South African Rand	2020	17,563	-	19,171	
Loans and borrowings	Australian dollar	2020	43,423	-	45,903	-
Loans and borrowings	Peruvian Nuevo Sol	2019-2020	2,349	5,683	8,417	12,698
Loans and borrowings	Other currencies	2019-2021	886	3,918	6,649	4,280
Finance lease payables	Euro	2019-2020	1,736	2,073	2,949	2,595
Finance lease payables	Brazilian Real	2019-2020	492	3,066	4,059	3,492
Finance lease payables	Other currencies	2019-2021	2,998	1,575	3,033	1,756
Credit accounts	Euro	2019	-	4,823	-	-
Credit accounts	Australian dollar	2019	-	-	-	6,507
Credit accounts	Other currencies	2019	-	8,794	-	11,905
Other payables	Euro	2019-2021	5,921	6,368	5,891	3,451
Other payables	Brazilian Real	2019-2033	12,183	9,966	5,752	5,208
Other payables	Argentine Peso	2019-2023	1	131	39	128
Other payables	Other currencies	2019-2033	7,938	13,048	944	6,475
			688,021	**131,992**	**696,924**	**77,530**

At 31 December 2018 drawdowns from credit facilities in current accounts totalled EUR 13,617 thousand (EUR 18,412 thousand in 2017). Details of undrawn credit facilities are as follows:

	Thousands of euros	
	31/12/2018	**31/12/2017**
Maturing in less than 1 year	104,624	176,917
Maturing in more than 1 year	300,000	315,000
	404,624	**491,917**

Credit facilities are subject to various interest rate reviews in 2019.

Bonds and other marketable securities

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

Syndicated Loan (Spain)

On 10 February 2017, Prosegur Cash, S.A. arranged a new five-year syndicated credit financing facility of EUR 300,000 thousand to afford the company long-term liquidity. At 31 December 2018, no amount of this credit facility has been drawn down.

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

Syndicated loan (Australia)

On 28 April 2017, Prosegur, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70,000 thousand for a 3-year term. At 31 December 2018, the drawn down capital corresponding to the loan amounts to AUD 70,000 thousand (equivalent to EUR 43,170 thousand at 31 December 2018).

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of euros	
	31/12/2018	**31/12/2017**
Less than 1 year	7,012	8,393
1 to 5 years	5,531	11,281
Interest	(603)	(1,790)
	11,940	**17,884**

The main assets acquired under finance leases are armoured vehicles and Smart Cash (Note 11).

Bailment

Prosegur in Australia has access to facilities under loan for use for the supply of cash to automated teller machines belonging to Prosegur. In these facilities, cash is owned by the bailor of the loan in use, who has contracts directly with Prosegur. Prosegur has access to this money with the only purpose to load cash onto the ATMs, governed by this contract. The settlement of the 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 outstanding amount at 31 December 2018 is AUD 43.90 million (equivalent to EUR 27.70 million) (at 31 December 2017 it was AUD 47.70 million, equivalent to EUR 31.08 million).

Bank borrowings (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Propietary Limited, Prosegur arranged a 4-year bullet loan on 29 January 2016 for ZAR 272,000 thousand (EUR 16,534 thousand at the exchange rate at 31 December 2018).

Other payables

Other payables mainly relate to business combinations pending payments formed in both the present year and prior years (Note 29). Details of other payables are as follows:

	Thousands of euros	
	31/12/2018	**31/12/2017**
Non-current		
Contingent and deferred payments for acquisitions	21,288	6,898
Others	4,755	5,728
	26,043	**12,626**
Current		
Contingent and deferred payments for acquisitions	28,728	14,644
Others	785	618
	29,513	**15,262**

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

		31/12/2018		**31/12/2017**	
Thousands of Euros	**Currency**	**Non-current**	**Current**	**Non-current**	**Current**
Performed in 2017					
Fiel Vigilância e Transporte de Valores	Brazilian Real	-	618	-	650
Transvig – Transporte de Valores e Vigilancia LTDA	Brazilian Real	-	146	166	333
Nordeste and Transbank Group	Brazilian Real	-	3,511	-	3,911
TC Interplata S.A.	Argentine Peso	-	-	7	124
MIV Gestión S.A.	Euro	-	-	-	-
Grupo Contesta	Euro	3,447	3,544	5,834	3,219
Performed in 2018					
Other business combinations Prosegur Cash	Miscellanea	-	1,900	891	1,846
Purchase of Assets from Toll Transport Pty Ltd	Australian dollar	-	-	-	4,561
Business combinations Latin America	Miscellanea	8,305	14,209	-	-
Business combinations AOA	Miscellanea	7,198	2,230	-	-
Business combinations Europe	Miscellanea	2,338	2,570	-	-
		21,288	**28,728**	**6,898**	**14,644**

The reconciliation of balances classified as financial liabilities with the flow of financing activities in the Statement of Cash Flows is as follows:

Thousands of Euros	**Bonds and other marketable securities**	**Loans and borrowings**	**Finance lease payables**	**Debts with credit institutions**	**Other payables**	**Total**
Carrying amount at 1 January 2018	**594,117**	**116,153**	**17,884**	**18,412**	**27,888**	**774,454**
Cash flows from financing	(479)	26,146	(7,216)	(6,064)	(15,055)	**(2,668)**
Accrual of interest	7,672	-	819	-	1,213	**9,704**
Acquisition of businesses	-	6,855	753	1,116	40,739	**49,463**
Translation differences	-	(11,564)	(300)	153	771	**(10,940)**
Balance at 31 December 2018	**601,310**	**137,590**	**11,940**	**13,617**	**55,556**	**820,013**

23. Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	31/12/2018	**31/12/2017**
Trade payables	114,966	107,207
Accrued personnel costs	81,921	88,648
Social Security and other taxes	55,188	60,140
Other payables	61,894	58,438
	313,969	**314,433**

Accrued personnel costs

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim is to recognise and reward Prosegur Cash employees' contribution to its success by achieving or surpassing targets and developing the necessary skills for excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established by Prosegur Cash management or the employee's direct superior over a given time.

Accruals with personnel include Euros 13,866 thousand relating to the incentive programme (Euros 16,367 thousand in 2017). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 16,093 thousand (EUR 24,514 thousand in 2017).

The employee benefits expense also includes salaries payable and accrued extra salary payments.

Information on average payment period to suppliers. Final Provision Two of Act 31/2014, of 3 December

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	31/12/2018	**31/12/2017**
	Days	**Days**
Average period of payment to suppliers	58	64
Ratio of transactions paid	62	66
Ratio of transactions pending payment	24	49
	Thousands of Euros	**Thousands of Euros**
Total payments made	53,322	43,071
Total payments pending	5,941	5,361

In accordance with the ICAC Resolution, the calculation of the average payment period to suppliers has considered the commercial transactions corresponding to the delivery of goods or the rendering of services accrued through the date of entry into force of Act 31/2014, 3 December, i.e. 24 December 2014. The information in these consolidated annual accounts concerning payments to suppliers refers solely to companies located in Spain that are fully consolidated.

For the exclusive purposes of providing the disclosures envisaged in this Resolution, suppliers are deemed as commercial creditors holding debts for the supply of goods or services, included under Suppliers and other payables of current liabilities of the consolidated balance sheet.

"Average payment period to suppliers" is understood as the period between the delivery of the goods or the rendering of the services by the supplier and the material payment of the transaction.

The maximum legal term of payment applicable to the consolidated companies in 2018, according to Act 11/2013, of 26 December, is of 30 days (unless the conditions set forth in the Law allowing the maximum payment period to be raised to 60 days are fulfilled).

24. Taxation

Prosegur Cash consolidates as part of the Prosegur Tax Group in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Moreover, the Prosegur Cash Group files corporate income tax returns in the following countries: France, Luxembourg, Portugal and Australia.

- In France, the consolidated tax group (*Intégration Fiscale*) comprises six companies that pay tax in accordance with French legislation: Prosegur Participations, S.A.S. (parent), 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 consolidated tax group formed by Luxpai CIT SARL and Pitco Reinsurance S.A.

- In Portugal, Prosegur Logistica e Tratamento de Valores Portugal, S.A. is a member of a consolidated tax group along with the rest of Prosegur's subsidiaries.

- In Australia, the consolidated tax group comprises five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia Pty Limited, Prosegur Technology Pty Limited and Prosegur Asset Management Pty Ltd.

The rest of subsidiaries file tax returns in accordance with tax legislation in force in the countries in which they operate.

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

	Thousands of Euros	
	2018	**2017**
Current tax	85,259	135,719
Deferred tax	4,622	4,247
Tax on profit	**89,881**	**139,966**

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

	Thousands of Euros	
	2018	**2017**
Present year	83,177	128,915
Adjustment to taxes from previous year	(2,641)	598
Loss without recognised deferred tax	4,723	6,206
	85,259	**135,719**

The main items making up the deferred tax expense/(income) are as follows:

	Thousands of Euros	
Deferred tax	**2018**	**2017**
Tax losses and Tax deductions	(769)	(6,072)
Provisions	1,459	5,006
Intangible asset amortisation	6,015	(3,681)
Brand (Note 6)	-	9,010
Other temporary differences	(2,083)	(16)
	4,622	**4,247**

Deferred taxes deriving from fiscal goodwill are from Brazilian mergers in previous years. Brazilian tax legislation permits accelerated amortisation for fiscal purposes.

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

	Thousands of Euros	
	2018	**2017**
Profit before income tax	**264,109**	**444,327**
Tax rate	**25.0%**	**25.0%**
Result of applying tax rate to profit	**66,027**	**111,082**
Permanent differences	13,994	(3,303)
Effect of application of different tax rates	9,227	29,281
Adjustment of deferred taxes from prior years	(551)	(824)
Adjustment to taxes from prior years	(2,641)	597
Loss without deferred tax	4,722	6,208
Previously unrecognised deductions applied	(897)	(3,075)
Income tax expense	**89,881**	**139,966**

The effective tax rate is 34.0% for 2018, compared with 31.5% in the same period of 2017, implying an increase of approximately 2.5 percentage points. If we isolate extraordinary effects not assigned in 2017, the rate would have been 34.3% in 2017 and 34,0% for the same period in 2018.

The tax rates in the countries in which the Prosegur Cash Group operates are as follows:

Tax rate	**2018**	**2017**
Germany	30,5%	30.5%
Argentina	30.0%	35.0%
Australia	30.0%	30.0%
Brazil	34.0%	34.0%
Chile	27.0%	25.5%
Colombia	33.0%	34.0%
El Salvador	30.0%	-
Spain	25.0%	25.0%
Philippines	30.0%	-
France	33,3%	33.3%
Guatemala	25.0%	-
Netherlands	25.0%	-
Honduras	30.0%	-
India	28.0%	28.0%
Luxembourg	26.0%	27.1%
Mexico	30.0%	30.0%
Nicaragua	30.0%	-
Paraguay	10.0%	10.0%
Peru	29,5%	29.5%
Portugal	22.5%	22.5%
Singapore	17.0%	17.0%
South Africa	28.0%	28.0%
Uruguay	25.0%	25.0%

In 2018, some local legislations amended their tax rates for the next few years. Accordingly, the tax rates for the following years will be as follows:

	Type of taxation
	Argentina
1 January 2019	30%
1 January 2020	25%

Consequently, deferred tax assets and deferred tax liabilities have been adjusted in accordance with these new tax rates.

Movements in deferred tax assets and liabilities and changes in their composition are as follows:

Deferred tax assets	**01 January 2017**	**Recognised in profit and loss**	**Business Combinations**	**Recognised in equity**	**Transfers**	**Translation differences**	**Balance at 31 December 2017**	**Recognised in profit and loss**	**Business Combinations**	**Recognised in equity**	**Transfers**	**Translation differences**	**Balance at 31 December 2018**
Property, plant and equipment amortisation	**2,973**	(740)	-	-	-	(130)	**2,103**	(275)	51	-	-	(64)	**1,815**
Intangible asset amortisation	**4,223**	(3,397)	-	-	-	(218)	**608**	2,436	762	-	-	(156)	**3,650**
Losses and Tax Deductions	**17,441**	6,072	-	-	-	142	**23,655**	769	119	-	-	(487)	**24,056**
Provisions	**64,909**	(7,993)	280	386	-	(7,285)	**50,297**	(2,580)	1,850	860	-	(5,071)	**45,356**
Total	**89,546**	**(6,058)**	**280**	**386**	**-**	**(7,491)**	**76,663**	**350**	**2,782**	**860**	**-**	**(5,778)**	**74,877**

Deferred tax liabilities	**01 January 2017**	**Recognised in profit and loss**	**Business Combinations**	**Recognised in equity**	**Transfers**	**Translation differences**	**Balance at 31 December 2017**	**Recognised in profit and loss**	**Business Combinations**	**Recognised in equity**	**Transfers**	**Translation differences**	**Balance at 31 December 2018**
Intangible asset amortisation	**(35,129)**	7,078	-	-	-	4,352	**(23,699)**	(8,451)	(6,741)	(3,557)	-	3,547	**(38,901)**
Stock impairment	**(2,489)**	1,147	-	-	-	-	**(1,342)**	1,224	-	-	-	-	**(118)**
Brand (Note 6)		(9,010)					**(9,010)**	-	-	-	-	-	**(9,010)**
Provisions	**(28,424)**	2,987	(4,793)	-	-	(84)	**(30,314)**	1,121	(2,597)	144	-	97	**(31,549)**
Others	**(1,182)**	(391)	-	-	-	79	**(1,494)**	1,134	-	139	-	-	**(221)**
Total	**(67,224)**	**1,811**	**(4,793)**	**-**	**-**	**4,347**	**(65,859)**	**(4,972)**	**(9,338)**	**(3,274)**	**-**	**3,644**	**(79,799)**

As a result of the first application of IFRS 9 (Note 32), deferred tax assets amounting to EUR 580 thousand were recognised in equity. Furthermore, as a result of the first application of IAS 29, a deferred tax liability amounting to EUR 3,154 thousand was recognised in equity.

Tax loss carryforwards at 31 December 2018 amounted to EUR 24,059 thousand (EUR 23,647 thousand in 2017).

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

Thousands of Euros	2018	2017
Losses and Profits equity	280	386

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	
	2018	**2017**
Deferred tax assets	65,562	64,258
Deferred tax liability	(74,614)	(60,177)
	(9,052)	**4,081**

The breakdown by country of the main deferred tax assets and liabilities, in thousands of Euros, is as follows:

	Thousands of Euros			
	Deferred Assets	Deferred Liabilities	Deferred Assets	Deferred Liabilities
	2018		**2017**	
Brazil	33,607	(22,978)	38,146	(26,074)
Spain	3,312	(14,295)	3,632	(15,209)
Argentina	1,971	(11,352)	1,462	(1,027)
France	2,433	(1,501)	3,082	(1,862)
Others	33,554	(29,673)	30,341	(21,687)
	74,877	**(79,799)**	**76,663**	**(65,859)**

Prosegur Cash does not have uncapitalised deductions pending application.

Deferred tax assets regarding tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset.

The consolidated balance sheet presents the amounts of deferred taxes in accordance with the provisions of IAS 12 in relation to offsetting current tax assets and liabilities in certain conditions, which are fulfilled in Spain, France, Portugal and Australia. In the breakdown of deferred tax assets and liabilities these are shown without offsetting.

Details of tax loss carryforwards and the year until which they can be offset at 31 December 2018 are as follows:

	Thousands of Euros		
Year	**Total**	**Not capitalised**	**Capitalised**
2019	4,539	4,539	-
Subsequent years or no time limit	129,440	50,608	78,832
Total	**133,979**	**55,147**	**78,832**

The breakdown of tax carryforwards and prescriptive periods at 31 December 2018 is as follows:

	Thousands of Euros		
	Total Amount	**2019**	**Later**
Germany	51,517	-	51,517
Australia	11,914	-	11,914
Brazil	1,607	-	1,607
Chile	6,971	-	6,971
Colombia	6,052	-	6,052
Philippines	1	-	1
France	28,117	-	28,117
The Netherlands	133	-	133
India	4,724	-	4,724
Mexico	17,734	3,778	13,956
Uruguay	5,208	761	4,447
TOTAL	**133,978**	**4,539**	**129,439**

Detail of the consolidated tax group's tax loss carryforwards offset and pending offsetting at 31 December 2018 is as follows:

	Thousands of Euros	
	Activated	**Not activated**
Germany	51,517	-
Australia	11,914	-
Brazil	1,514	93
Chile	6,016	955
Colombia	3,115	2,937
Philippines	-	1
France	4,720	23,397
Netherlands	-	133
India	-	4,724
Mexico	36	17,698
Uruguay	-	5,208
TOTAL	**78,832**	**55,146**

At 31 December 2018 most of the tax carryforwards pending offsetting are in France, Mexico, Uruguay and Colombia. The rest appear offset in the consolidated annual accounts of the Prosegur Cash Group.

Of the EUR 133,979 thousand in tax carryforwards offset and pending offsetting by the Company with a prescriptive period later than 2018, EUR 100,259 thousand has no time limit, and the remaining EUR 33,720 thousand does have a time limit.

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. The recoverable amount of a CGU is determined based on its value in use. These calculations are based on a positive carryforwards projections, excluding the effects of potential future improvements in the return on assets, from the four-year financial budgets approved by Management.

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

In 2018 the following corporate restructuring operations were carried out under the neutral tax regime:

- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança to Segurpro Vigilancia Patrimonial S.A., with effect on 31 July 2018.

- In Brazil, the merger by acquisition of Transexcel Segurança e Transporte de Valores Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança, with effect on 31 December 2018.

25. Contingencies

Sureties and guarantees

Prosegur Cash Group has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

Guarantees provided by Prosegur Cash Group to third parties are as follows:

Thousands of Euros	31/12/2018	31/12/2017
Commercial guarantees	236,801	99,256
Financial guarantees	52,914	149,916
	289,715	**249,172**

Commercial guarantees include those given to clients

Financial guarantees include mainly those relating to civil and labour-related litigation in process, totalling EUR 42,064 thousand (EUR 122,204 thousand at 31 December 2017). The civil and labour-related litigation associated with Brazil amounted to EUR 42,027 thousand (EUR 121,128 thousand at 31 December 2017) (Note 21).

National Commission on Markets and Competition

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

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

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

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

Prosegur will undertake solely and at its own expense the defence of Prosegur and Prosegur Servicios de Efectivo España, S.L. with regard to the disciplinary proceedings and the resolution by the Competition Chamber of the CNMC on 10 November 2016, with exclusive powers in respect of the supervision and control of said defence and of the contentious-administrative proceedings. Prosegur will hold Prosegur Cash and its subsidiary harmless from the potential negative economic effects of said proceedings.

26. Commitments

Purchase commitments for fixed assets

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

Thousands of Euros	31/12/2018	31/12/2017
Property, Plant and Equipment	15,668	14,206
Other intangible assets	547	280
	16,215	14,486

At 31 December 2018, the commitments correspond mainly to the purchase of armoured vehicles, machinery and plant (Note 11).

Operating lease commitments

Prosegur Cash Group rents various premises, offices, industrial bays, warehouses and vehicles under non-cancellable operating leases.

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

At 31 December 2018	Thousands of Euros		
Type	Less than 1 year	1 to 5 years	Over 5 years
Buildings	9,644	30,605	17,700
Vehicles	4,462	5,983	2,992
Other assets	68	234	-
	14,174	36,822	20,692

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

At 31 December 2018, the reduction in future minimum payments with respect to the previous year is due mainly to operating lease contracts.

The expense taken to the consolidated income statement for 2018 in relation to operating leases amounts to Euros 45,936 thousand (Euros 46,229 thousand in 2017). 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 included in 2018

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

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Business combination Ibero-America	33,161	27,925	**61,086**	37,518	**23,568**
Business combination AOA	12,593	8,071	**20,664**	8,757	**11,907**
Business combination Europe	6,922	4,742	**11,664**	5,674	**5,990**
	52,676	**40,738**	**93,414**	**51,949**	**41,465**

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

Goodwill is not tax-deductible.

Had the businesses acquired in 2018 been acquired on 1 January 2018, consolidated income statement would have been EUR 50,285 thousand higher and consolidated net profit for the year would have been EUR 2,767 thousand higher.

Prosegur has recognised transaction costs in selling, general and administrative expenses of the consolidated income statement of EUR 2,477 thousand (in 2017: EUR 1,430 thousand).

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

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Ibero-America	33,161	(2,232)	30,929
Business combinations AOA	12,593	(2,232)	10,361
Business combinations Europe	6,922	(2,358)	4,564
	52,676	(6,822)	45,854

Cash business combinations in Ibero-America

In 2018, in Ibero-America Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 61,086 thousand, comprising a cash payment of EUR 33,161 thousand, and a deferred contingent consideration totalling EUR 27,925 thousand maturing in 2018, 2019, 2020 and 2021.

It contributed revenues of EUR 35,174 thousand and profit for the year of EUR 59 thousand to the consolidated income statement for 2018.

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

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	3,384	3,384
Property, Plant and Equipment	10,573	10,573
Clients and other receivables	16,014	16,014
Inventory	8,932	8,932
Non-current financial assets	867	867
Current financial assets	116	116
Deferred tax assets	2,092	2,092
Current tax assets	2,005	2,005
Trade and other payables	(14,492)	(14,492)
Short-term financial liabilities	(2,764)	(2,764)
Long-term financial liabilities	(2,285)	(2,285)
Other liabilities and expenses	(830)	(830)
Provisions	(8,886)	(8,886)
Current tax liabilities	(1,079)	(1,079)
Deferred tax liabilities	(169)	(6,085)
Other intangible assets	28	29,956
Identifiable net assets acquired	**13,506**	**37,518**

The goodwill on this acquisition was allocated to the Cash segment and to the Ibero-America geographical area and mainly reflects the profitability of the business and sizeable synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets are based on client relationships (EUR 28,820 thousand) with a useful life of between 7 and 16 years, licences (EUR 178 thousand) with a useful life of 2 years, and trademarks (EUR 930 thousand) with a useful life of 4 years.

Cash business combinations in AOA

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

It contributed revenues of EUR 13,984 thousand and profit for the year of EUR 979 thousand to the consolidated income statement for 2018.

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

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

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

Cash business combinations in Europe

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

It contributed revenues of EUR 2,562 thousand and profit for the year of EUR 294 thousand to the consolidated income statement for 2018.

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

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,358	2,358
Property, Plant and Equipment	176	176
Clients and other receivables	2,175	2,175
Inventory	786	786
Deferred tax assets	37	37
Current tax assets	12	12
Non-current financial assets	52	52
Trade and other payables	(1,979)	(1,979)
Other liabilities and expenses	(414)	(414)
Short-term financial liabilities	(342)	(342)
Deferred tax liabilities	(147)	(1,087)
Other Current Liabilities	(1)	(1)
Other intangible assets	429	3,901
Identifiable net assets acquired	**3,141**	**5,674**

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

27.2 Goodwill added in 2017 with measurement completed in 2018

Details of the net assets acquired and goodwill recognised on business combinations during 2017 for which measurement was completed in 2018 are as follows:

Thousands of Euros	Segment	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Grupo Contesta	Europe	6,695	10,064	**16,759**	10,512	**6,247**
		6,695	**10,064**	**16,759**	**10,512**	**6,247**

At 31 December 2017, total goodwill recognised from these additions amounted to EUR 5,097 thousand for the Contesta Group and EUR 710 thousand for the acquisition of assets from Omni S.A. The difference generated due to completion of verification of the fair values in 2018 corresponded to the re-estimation of the deferred contingent considerations, which increased by EUR 1,150 thousand for the Contesta Group and decreased by EUR 605 thousand for the acquisition of assets from Omni S.A. Prosegur has not restated the figures for 2017 to reflect these changes as they are not material.

Goodwill is not tax-deductible.

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

Thousands of Euros	Country	Segment	Cash payment	Cash and cash equivalent acquired	**Cash outflow for the acquisition**
Grupo Contesta	Spain	Europe	6,695	(983)	**5,712**
			6,695	(983)	**5,712**

Grupo Contesta

On 14 September 2017, in Spain Prosegur acquired 100% of the Contesta Group, which specialises in providing bank administrative services. The total purchase price was EUR 16,759 thousand, comprising a cash payment of EUR 6,695 thousand, and a deferred contingent consideration totalling EUR 10,064 thousand maturing in 2018, 2019 and 2020. The deferred contingent consideration was restated, increasing by EUR 1,150 thousand compared with the figure at 31 December 2017.

The acquiree was added to the consolidated group on 14 September 2017.

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

(Miles de euros)	**Carrying amount of the acquiree**	**Fair value**
Cash and cash equivalents	983	983
Property, Plant and Equipment	1,067	1,067
Clients and other receivables	3,148	3,148
Current tax assets	13	13
Current tax liability	(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**

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 9,333 thousand) with a useful life of 14 years.

27.3 Goodwill incorporated in year 2017 not reviewable in 2018

Details of the net assets acquired and goodwill recognised on business combinations during 2017 whose valuation has not been reviewable in 2018 are as follows:

Thousands of Euros	Segment	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Cash Services Australia Pty Limited	AOA	2,171	-	**2,171**	2,171	**-**
Remaining business combinations of Prosegur Cash	Various	26,972	5,388	**32,360**	20,485	**11,875**
		29,143	**5,388**	**34,531**	**22,656**	**11,875**

Goodwill is not tax-deductible.

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

Thousands of Euros	Country	Segment	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Cash Services Australia Pty Limited	Australia	AOA	2,171	(170)	**2,001**
Remaining business combinations of Prosegur Cash	Miscellaneous	Various	26,972	(2,333)	**24,639**
			29,143	(2,502)	**26,640**

Cash Services Australia Pty Limited

On 17 February 2017 Prosegur acquired 100% of Cash Services Australia Pty Limited, a company located in Australia and specialised in cash in transit and cash management. The total purchase price was AUD 2,998 thousand (equivalent to EUR 2,171 thousand at the acquisition date), comprising a cash payment of AUD 2,406 thousand (equivalent to EUR 1,742 thousand at the acquisition date) and contingent consideration totalling AUD 592 thousand (equivalent to EUR 429 thousand at the acquisition date) payable in 2017.

The acquired assets began consolidating on 17 February 2017.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	170	170
Property, Plant and Equipment	379	379
Deferred tax assets	195	195
Clients and other receivables	1,344	1,344
Trade and other payables	(742)	(742)
Provisions for liabilities and charges	(235)	(235)
Other intangible assets	-	1,504
Deferred tax liability	-	(451)
Current tax assets	7	7
Identifiable net assets acquired	**1,118**	**2,171**

The intangible assets acquired comprise client relationships (EUR 1,504 thousand) with a useful life of 7 years.

Rest of Prosegur Cash business combinations

In 2017, in Ibero-America Prosegur acquired a series of security companies and assets providing cash in transit and cash management services. The total purchase price was EUR 32,360 thousand, comprising a cash payment of EUR 26,972 thousand, a EUR 4,045 thousand deferred payment falling due in 2017, 2018 and 2019 and a deferred contingent consideration totalling EUR 1,343 thousand maturing in 2018 and 2019.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	2,333	2,333
Property, Plant and Equipment	6,139	6,139
Inventory	33	33
Clients and other receivables	525	525
Current tax assets	108	108
Trade and other payables	(545)	(545)
Deferred tax assets	85	85
Deferred tax liability	(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**

The goodwill on this acquisition was allocated to the Cash segment and to the Ibero-America geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets are based on client relationships (EUR 14,043 thousand) with a useful life of 7-19 years and a non-competition agreement (EUR 867 thousand) with a useful life of 10 years.

28 Related parties

Prosegur Cash, S.A. is a subsidiary of the Spanish listed company Prosegur Compañía de Seguridad, S.A., which currently owns 51% of its shares, indirectly controlling another 21.5% via its 100%-owned investee 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 has amounts on the balance sheet with companies belonging to the Prosegur Group but not included in the consolidation scope of the Prosegur Cash Group:

Thousands of Euros	31/12/2018	31/12/2017
Short-term investments in Group companies and associates		
Credit institutions	1,254	4,699
Trade and other receivables		
Customers	2,439	2,502
Expense advances	7,832	10,902
Other receivables	42,482	-
Total current assets with companies of the Prosegur Group	54,007	18,103
Total assets	**54,007**	**18,103**
Other long-term debts	1,864	-
Total non-current liabilities with companies of the Prosegur Group	**1,864**	**-**
Loans granted by group companies		
Dividends payable (Note 9)	64,190	46,719
Trade and other payables		
Suppliers	13,765	1,653
Other payables	968	-
Total current liabilities with companies of the Prosegur Group	78,923	48,372
Total liabilities	**80,787**	**48,372**

As a result of the fiscal consolidation of the Prosegur Group in Spain, at 31 December 2018 amounts payable by Prosegur to Prosegur Cash, mainly relating to the payment of corporate income tax (paid in October and December) were included under the heading Other receivables.

On 17 May 2017, Prosegur Cash granted a loan to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is equity accounted; at 31 December 2018, the outstanding amount came to EUR 2,130 thousand (EUR 2,565 thousand in 2017) (Notes 14 and 17).

Finance operations:

In 2018 there were no loan transactions between related parties. In 2017, Loans included mainly the EUR 3,267 thousand receivable by Prosegur Cash as a result of the spin-off of the Brazil security business.

Investment operations:

On 1 March 2018, in Argentina the Prosegur Cash Group acquired from the Prosegur Group 100% of Tellex, S.A., a company focusing mainly on the marketing and maintenance of ATMs. The total purchase price was ARS 284,621 thousand (equivalent to EUR 11,634 thousand at the acquisition date), comprising a cash payment of ARS 161,286 thousand (equivalent to EUR 6,593 thousand at the acquisition date) and deferred contingent consideration totalling ARS 123,335 thousand (equivalent to EUR 2,883 thousand at 31 December 2018) payable in 2019, 2020 and 2021 (Note 27).

Trade transactions

Trade receivables by the Prosegur Cash Group from the Prosegur Group amount to EUR 10,271 thousand and EUR 13,404 thousand at 31 December 2018 and 2017, respectively. These amounts correspond mainly to a lease advance booked in Peru for operating buildings in the amount of EUR 7,832 thousand, covering the next three years' rental (EUR 10,902 thousand at 31 December 2017). The remainder is associated with trade receivables as yet unpaid by the Prosegur Group to the Group (Note 28.2).

Trade receivables by the Prosegur Group from the Prosegur Cash Group amount to EUR 14,733 thousand and EUR 1,653 thousand at 31 December 2018 and 2017, respectively. These amounts correspond, among other items, to prices for transfers, trademark, utilities and rentals and trade accounts pending payment by Prosegur Cash to the Prosegur Group (Note 28.2).

28.2 Transactions with Prosegur Group companies

On 31 July 2018, the spin-off of the remaining 4 regions of the Brazil Security business was completed (Note 15), and all outstanding balances were cancelled. The payment associated with the sale of these four subsidiaries amounted to BRL 960 thousand (equivalent to EUR 242 thousand on the transaction date).

In the spin-off process of the Prosegur Group's Brazil Security business, tax credits amounting to BRL 19,791 thousand (EUR 4,455 thousand as per the 31 December exchange rate) were assigned to the Cash division. In consideration for the assignment of these tax credits, a cash reimbursement of BRL 19,791 thousand (EUR 4,455 thousand as per the 31 December exchange rate) was made.

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

Thousands of Euros	31/12/2018	31/12/2017
Income		
Provision for services	1,732	90,248
Finance income	683	395
Total income	**2,415**	**90,643**
Expenses		
Other services	(117,520)	(94,285)
Finance expenses	-	(67)
Total expenses	**(117,520)**	**(94,352)**

Finance expenses in 2017 were associated with interest accrued on loans arranged with Prosegur in 2016 and cancelled on 21 February 2017.

Finance income comprises mainly the financial accrual of cash lent to the Brazil Security business, plus the interest accrued on the sale price of the Brazil Security business, set at 31 December 2016 for the four regions spun off in July (Note 15).

Services rendered and other income includes the following items of income and expense:

Thousands of Euros	31/12/2018	31/12/2017
Income from the provision of services and other income		
Rentals and Supplies	1,305	1,120
Services rendered	427	906
Sale of investment properties (Note 6)	-	2,311
Sale of holdings (Note 6)	-	49,873
Sale of brand (Note 6)	-	36,038
Total income from other services	**1,732**	**90,248**

Thousands of Euros	31/12/2018	31/12/2017
Expenses from other services		
Brand (Note 4)	(28,697)	(30,569)
Management Fees (Note 4)	(65,473)	(47,742)
Rentals and Supplies	(15,989)	(11,060)
Services rendered	(7,361)	(4,914)
Total expenses from other services	**(117,520)**	**(94,285)**

Lease expenses linked to buildings almost in their entirety, in which a total of EUR 12,661 thousand was invested over the course of 2018 as a result of various works.

28.3 Remuneration to members of the Board of Directors and Senior Management of the parent company

1. Remuneration of members of the Board of Directors

The total remuneration accrued by members of the board of directors is as follows:

Thousands of Euros	31/12/2018	31/12/2017
Fixed remuneration	1,257	919
Variable remuneration	445	388
Remuneration for membership of the Board	117	97
Per diems	126	101
	1,945	**1,505**

2. Remuneration of senior management personnel

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

The total remuneration accrued by senior management personnel of Prosegur Cash is as follows:

Thousands of Euros	31/12/2018	31/12/2017
Fixed remuneration	2,369	1,801
Variable remuneration	860	1,103
Remuneration in kind	162	106
Life insurance premiums	20	5
	3,411	3,015

Civil liability insurance expenses covering the Board of Directors and Senior Management amount to EUR 21 thousand and are included under sales and administrative expenses.

28.4 Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Restated Text of the Spanish Companies Act, approved by Royal Decree Act 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2017.

Occasionally, and since the appointment of Mr Daniel Guillermo Entrecanales Domecq as a director of the company, Revolution Publicidad, S.L. has provided Prosegur Cash with advertising agency, media, marketing and communication services, within the ordinary course of business and on an arm's-length basis. Prosegur Cash does not work solely with the agency Revolution Publicidad, S.L., but receives advertising, media, marketing and communication services from other companies too. The invoicing from Revolution Publicidad, S.L. to Prosegur Cash is not material and does not represent a significant amount. At 31 December 2018, fees totalled EUR 35 thousand (EUR 38 thousand at 31 December 2017).

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

In 2018, Euroforum Escorial, S.A. (controlled by Gubel, S.L.) invoiced Prosegur Cash EUR 95 thousand for hotel services (EUR 48 thousand at 31 December 2017). Prosegur is controlled by Gubel S.L., which was incorporated in Madrid, and holds 50.075% of the share capital of Prosegur Cash, which it consolidates in its consolidated financial statements.
In 2018, Sociedad Proactinmo S.L., (controlled by Gubel, S.L.) invoiced EUR 15 thousand for a building located in calle San Máximo, 3 and 5, Madrid.

Also in the year, Prosegur Cash provided services to Gubel, S.L. amounting to EUR 14 thousands.

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

29 Financial risk management and fair value

29.1 Financial risk factors

The Prosegur Cash Group's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Prosegur Cash Group's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The Financial Department identifies, proposes and carries out the management of these risks along with other operating units of the Prosegur Cash Group in accordance with guidelines issued by the Board of Directors.

Exchange rate risk

The Prosegur Cash Group operates on an international level and is therefore exposed to exchange rate risks for currency operations. Currency risk arises when future commercial transactions, equity investments, profit and loss from operating activities and financial positions are denominated in a foreign currency other than the functional currency of each one of the Prosegur Cash Group companies.

To control the risk arising in these operations, the Prosegur Cash Group's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows of assets and liabilities, considering market expectations.

As Prosegur Cash Group intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, assuming the risk relating to the translation to Euros of the assets and liabilities denominated in foreign currencies.

The following provides details of the Prosegur Cash Group's exposure to currency risks, with details on the carrying amounts of the financial instruments denominated in a foreign currency other than the functional one of each country:

On 31 December 2018

Thousands of Euros	Euro	US Dollar	Other currency	**Total position**
Non-current financial assets	51	82	98	231
Total non-current assets	**51**	**82**	**98**	**231**
Clients and other receivables	8,270	17,897	3,206	29,373
Accounts receivable with the Prosegur Group	14,413	18	16,855	31,286
Cash and cash equivalents	32,274	4,520	16	36,810
Total current assets	**54,957**	**22,435**	**20,077**	**97,469**
Financial liabilities	-	-	16,752	16,752
Non-current liabilities	**-**	**-**	**16,752**	**16,752**
Trade and other payables	50,528	55,779	1,341	107,648
Financial liabilities	2,945	42	2,284	5,271
Current liabilities	**53,473**	**55,821**	**3,625**	**112,919**
Net position	**1,535**	**(33,304)**	**(202)**	**(31,971)**

On 31 December 2017

Thousands of Euros	Euro	US Dollar	Other currency	**Total position**
Non-current financial assets	-	24	-	24
Total non-current assets	**-**	**24**	**-**	**24**
Clients 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**
Financial liabilities	-	-	18,372	18,372
Non-current liabilities	**-**	**-**	**18,372**	**18,372**
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)**	**(30,906)**	**(19,106)**

Details of the main average and year-end exchange rates to Euros of the foreign currencies in which the Prosegur Cash Group operates are as follows:

		31/12/2018		**31/12/2017**	
		Average rate	Closing rate	Average rate	Closing rate
US Dollar	USD	1.18	1.15	1.13	1.20
Australian dollar	AUD	1.58	1.62	1.47	1.53
Brazilian Real	BRL	4.31	4.44	3.60	3.97
Argentine Peso	ARS	32.94	43.07	18.72	22.31
Chilean Peso	CLP	756.95	796.84	732.21	737.83
Mexican Peso	MXP	22.71	22.56	21.33	23.66
Paraguayan Guarani	PYG	6,767.43	6,827.20	6,343.35	6,704.66
Peruvian Nuevo Sol	PEN	3.88	3.87	3.68	3.88
Uruguayan Peso	UYU	36.25	37.10	32.36	34.50
Colombian Peso	COP	3,488.62	3,722.26	3,336.10	3,578.71

The strengthening/(weakening) of the Euro vs. the Brazilian Real, Argentine Peso, Chilean Peso and Peruvian Nuevo Sol at 31 December would increase/(decrease) the profit and loss and the equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate (other than the functional rate, Note 32.5) that the Prosegur Cash Group deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant. Sensitivity in connection with the income statement is associated with the impact on the finance income and expenses heading of the income statement of an increase or decrease in the year-end exchange rate in respect of all outstanding amounts in currencies other than the functional currency of each subsidiary (Note 32.5). Moreover, sensitivity associated with equity is calculated on the net assets of each subsidiary and shows the fluctuations in the respective functional currencies against the Euro.

	Increase of exchange rate		**Decrease of exchange rate**	
	Equity	Result	Equity	Result
On 31 December 2018				
Brazilian Real (15% variation)	48,223	(4)	(35,643)	3
Argentine Peso (25% variation)	42,098	(4,929)	(25,259)	2,958
Chilean Peso (10% variation)	9,270	(2,178)	(7,584)	2,369
Peruvian Nuevo Sol (10% variation)	7,032	-	(5,754)	-
Colombian Peso (10% variation)	6,267	-	(5,128)	(1,158)
On 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
Peruvian Nuevo Sol (10% variation)	5,929	(3,102)	(4,851)	2,538
Colombian Peso (10% variation)	-	-	-	-

Credit risk

Prosegur Cash Group is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of clients are used if available. Otherwise, the Credit Control Department assesses each client's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Financial Department and are monitored regularly.

Prosegur Cash Group has formal procedures for detecting objective evidence of impairment on trade receivables. It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables at 31 December 2018 amounts to EUR 8,497 thousand (EUR 7,430 thousand in 2017) (Note 18). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

Details of the percentage of total Prosegur Cash Group turnover represented by the eight main clients are as follows:

	31/12/2018	31/12/2017
Counterparty		
Customer 1	5.88%	7.03%
Customer 2	5.23%	6.38%
Customer 3	4.44%	5.22%
Customer 4	3.62%	3.24%
Customer 5	2.50%	2.70%
Customer 6	2.21%	2.35%
Customer 7	1.91%	2.27%
Customer 8	1.41%	1.73%

Other current financial assets include a fixed-term deposit. All financial assets contracted in 2018 and 2017 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

In Spain, the Collections Department manages an approximate monthly volume of 5,118 clients with monthly average turnover of EUR 3,879 per client. 92% of payments are made by bank transfer and the remaining 8% in notes (cheques, promissory notes, etc.).

Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach the Prosegur Cash Group's business targets safely, efficiently and on time. The Corporate Treasury Department aims to maintain sufficient liquidity and availability to guarantee the Prosegur Cash Group's business operations.

Management monitors the Prosegur Cash Group's liquidity reserves, which comprise credit available for drawdown (Note 22) and cash and cash equivalents (Note 19), based on expected cash flows.

The liquidity position of the Prosegur Cash Group's Cash business for 2018 and 2017 is based on the following:

- Cash and cash equivalents of EUR 273,756 thousand at 31 December 2018 (EUR 317,777 thousand in 2017) (Note 19).
- EUR 404,624 thousand available in undrawn credit facilities at 31 December 2018 (EUR 491,917 thousand in 2017) (Note 22).
- Cash flows from operating activities in 2018 amounting to Euros 225,518 thousand (Euros 237,287 thousand in 2017) (Note 10).

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

Thousands of Euros	Carrying amount	31/12/2018 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							
Bonds and other marketable securities	601,310	666,000	8,250	-	8,250	24,750	624,750
Loans and borrowings	137,590	143,873	68,394	7,719	49,325	18,435	-
Finance lease payables	11,940	13,105	1,337	5,890	1,500	1,672	2,706
Credit accounts	13,617	14,258	7,322	6,936	-	-	-
Other payables	55,556	63,945	13,576	5,801	18,581	21,078	4,909
Accounts payable with group companies (Note 28)	80,787	80,787	80,787	-	-	-	-
Trade and other payables	313,969	313,969	313,969	-	-	-	-
	1,214,769	1,295,937	493,635	26,346	77,656	65,935	632,365

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							
Bonds and other marketable 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 payables	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

Finally, systematic forecasts are prepared for cash generation and requirements, allowing Prosegur Cash Group to determine and monitor its liquidity position on an ongoing basis.

Interest rate, cash flow and fair value risks

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

The exposure of the Prosegur Cash Group's financial liabilities (excluding other payables) at the contract review dates is as follows:

Thousands of Euros	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
On 31 December 2018					
Total financial liabilities (fixed rate)	76,553	12,397	6,717	594,915	690,582
Total financial liabilities (floating interest rate)	6,806	6,723	60,346	-	73,875
	83,359	**19,120**	**67,063**	**594,915**	**764,457**
On 31 December 2017					
Total financial liabilities (fixed rate)	12,035	11,625	23,955	594,117	641,732
Total financial liabilities (floating interest rate)	12,409	26,199	20,323	45,903	104,834
	24,444	37,824	44,278	640,020	746,566

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2018 and 2017, the Prosegur Cash Group's financial liabilities at variable interest rates were primarily denominated in EUR, BRL, AUD, ZAR and MXN.

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 profit/(loss) of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. These scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

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

	Thousand of Euros		
31 December 2018	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	724,581	668,444	56,137
AOA	43,456	3,262	40,194
Ibero-America	51,976	18,881	33,095
	820,013	**690,587**	**129,426**

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

Debt includes a bond issuance and bank borrowings at fixed rates. There are credit accounts, lease payables and bank borrowings at fixed rates in Chile, Germany, Peru, Brazil, Paraguay, Colombia and Spain.

At 31 December 2018, had interest rates on bank loans and borrowings been 100 basis points higher, with the other variables remaining constant, post-tax profit in the period would have been EUR 854 thousand lower (EUR 909 thousand lower in 2017), mainly because of higher borrowing costs on variable-interest loans.

29.2 Capital risk management

The Prosegur Cash Group's capital management is aimed at safeguarding its capacity to continue operating as a going concern, with the aim of providing shareholder remuneration and profits for other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, Prosegur Cash Group can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, Prosegur Cash Group controls its capital structure on a gearing ratio basis. 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 statement of financial position.

The gearing ratio for the Prosegur Cash business is calculated as follows:

Thousand of Euros	**31/12/2018**	**31/12/2017**
Financial liabilities without including deferred payments	764,457	746,566
Less: Cash and cash equivalents (Note 19)	(273,756)	(317,777)
Less: current investments in group companies	-	(4,699)
Net financial debt (excluding other non-banking debts)	490,701	424,090
Other non-banking accounts payable and receivable (Note 15 and Note 22)	55,556	9,442
Non-banking debts with Group (Note 28)	2,833	-
Treasury Stock	(1,943)	(2,100)
Total Net Financial Debt	547,147	431,432
Net assets	237,991	240,004
Total capital: Net financial debt excluding other non-banking debts and net assets	**728,692**	**664,094**
Leverage ratio	**75.09%**	**63.86%**

29.3 Financial instruments and fair value

Classification and fair value

All financial assets and liabilities have a carrying amount similar to their fair value due mainly to the short-term maturities of these instruments, with the exception of contingent payments.

On 31 December 2018	**Carrying amount**					**Fair value**			
Miles de 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	-	3,064	-	-	**3,064**				
Deposits	-	616	-	-	**616**				
Credit institutions		2,783	-	-	**2,783**				
Short-term accounts receivables with group companies (Note 28)	-	54,007	-	-	**54,007**				
Clients and other receivables (Note 18)	-	290,532	-	-	**290,532**				
Cash and cash equivalents (Note 19)	-	273,756	-	-	**273,756**				
	-	**624,758**	**-**	**-**	**624,758**				
Financial liabilities at fair value									
Contingent payments	-	-	(40,093)	-	**(40,093)**	-	-	(22,927)	**(22,927)**
	-	**-**	**(40,093)**	**-**	**(40,093)**				
Financial liabilities not measured at fair value									
Financial liabilities through the issue of bonds	-	-	-	(601,310)	**(601,310)**	(598,319)	-	-	**(598,319)**
Financial liabilities with credit institutions	-	-	-	(163,147)	**(163,147)**	-	(160,742)	-	**(160,742)**
Other financial liabilities	-	-	-	(55,556)	**(55,556)**	-	(55,556)	-	**(55,556)**
Short-term accounts payable with group companies (Note 28)	-	-	-	(80,787)	**(80,787)**	-	(80,787)	-	**(80,787)**
Suppliers and other payables (Note 23)	-	-	-	(313,969)	**(313,969)**	-	(313,969)	-	**(313,969)**
	-	**-**	**-**	**(1,214,769)**	**(1,214,769)**				

On 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**				
Credit institutions	-	2,904	-	-	**2,904**				
Short-term accounts receivables with group companies (Note 28)	-	18,103	-	-	**18,103**				
Clients and other receivables (Note 18)	-	333,960	-	-	**333,960**				
Cash and cash equivalents (Note 19)	-	317,777	-	-	**317,777**				
	-	**675,549**	**-**	**-**	**675,549**				
Financial liabilities at fair value									
Contingent payments	-	-	(10,984)	-	**(10,984)**	-	-	(10,187)	**(10,187)**
	-	**-**	**(10,984)**	**-**	**(10,984)**				
Financial liabilities not measured at fair value									
Financial liabilities through the issue of bonds	-	-	-	(594,117)	**(594,117)**	(591,638)	-	-	**(591,638)**
Financial liabilities with credit 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 payables (Note 23)	-	-	-	(314,433)	**(314,433)**				
	-	**-**	**-**	**(1,137,259)**	**(1,137,259)**				

Measurement bases for financial instruments not measured at fair value:

The following are the measurement values used to determine Level 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input. The contingent payments described pertain to the business combination of the Contesta Group, which represent almost their totality. 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 and EBIT 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.	-EBIT -Gross Margin	-The estimated fair value would increase (fall) according to the value of EBIT. -The estimated fair value would increase (fall) according to the value of gross profit.	-If estimated EBIT were within 5% of the agreed scenario, the value of the contingent payments would have varied by EUR 2,125 thousand; within 10%, the value of contingent payments would have varied by EUR 4,065 thousand. -In the event of a 5% reduction in EBIT the contingent payments would have varied by EUR -1.755 thousand, and a 10% reduction would have resulted in a variation in contingent payments of EUR -3,695 thousand.

Measurement bases for financial instruments not measured at fair value:

Type	Valuation method	(Unobservable) inputs employed
Financial liabilities with credit institutions	Discounted cash flows.	Not applicable
Finance lease liabilities	Discounted cash flows.	Not applicable
Other financial liabilities	Discounted cash flows.	Not applicable

Transfer of assets and liabilities among the various levels

During the reporting period ending at 31 December 2018 and 2017 there were no transfers of assets and liabilities among the various levels.

30 Other information

The average number of employees at the Prosegur Cash Group, including its equity-accounted subsidiaries, is as follows:

	31/12/2018	31/12/2017
Operational personnel	54,689	54,665
Remainder	2,765	2,638
	57,454	**57,303**

The average headcount of operations personnel employed by equity-accounted subsidiaries in 2018 is 15,354 employees (16,867 in 2017).

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

	31/12/2018	31/12/2017
Operational personnel	41	29
Remainder	6	-
	47	**29**

At year end the distribution by gender of Prosegur Cash Group personnel is as follows:

	31/12/2018		31/12/2017	
	Male	**Female**	**Male**	**Female**
Operational personnel	44,596	10,579	44,151	10,068
Remainder	2,151	1,068	1,718	936
	46,747	**11,647**	**45,869**	**11,004**

The breakdown by gender of members of Senior Management of the Prosegur Cash Group is as follows:

	31/12/2018		31/12/2017	
	Male	**Female**	**Male**	**Female**
Board of Directors	6	3	6	3
Senior Management	9	2	9	2
	15	**5**	**15**	**5**

KPMG Auditores, S.L., the auditors of the annual accounts of the Prosegur Cash Group, have invoiced the following fees for professional services during the year:

Thousands of Euros	31/12/2018	31/12/2017
KPMG Auditores, S.L., audit services	425	405
KPMG Auditores, S.L., other services	35	148
	460	**553**

Audit services detailed in the above table include the total fees for services rendered in 2018, irrespective of the date of invoice.

Additionally, other KPMG International affiliates have invoiced the Prosegur Cash Group the following fees and expenses for professional services during the year:

Thousands of Euros	31/12/2018	31/12/2017
Audit services	746	657
Other audit-related services	100	122
Tax advisory services	27	11
Other services	440	7
	1,313	**797**

Other audit-related services correspond mainly to the limited reviews of interim financial statements, procedural reports agreed concerning compliance with covenants, and comfort letters relating to securities issues provided by KPMG Auditores, S.L. to Prosegur Cash, S.A. and subsidiaries in the year ended on 31 December 2018.

On the other hand, other auditors have invoiced Prosegur Cash Group the following fees and expenses for professional services during the year:

Thousands of Euros	31/12/2018	31/12/2017
Audit services	10	-
	10	**-**

31 Events after the reporting date

On 7 February 2019, Prosegur Cash, S.A.'s syndicated loan, of up to EUR 300,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024, with the option of another two-year extension if the issuer agrees.

On February 21, 2019, the companies VN Global BPO S.A. and Grupo N S.A. have been acquired in Argentina; these companies are dedicated to providing AVOS services, mainly to customers in the financial and telecommunications sector.

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 in accordance with the same accounting principles as the Prosegur Cash Group used to prepare its consolidated annual accounts dated 1 January 2017, with the exception of the compulsory regulations and modifications adopted by the European Union from 1 January 2018, which were applied to the 2018 period, and are detailed below:

a) Standards effective from 01 January 2018

The annual accounts for 2018 have been prepared using the same accounting principles as for 2017, except for the following standards and amendments adopted by the European Union and of mandatory application from 01 January 2018 as detailed below:

IFRS 9 - Financial Instruments

IFRS 9 includes requirements for recognition and measurement of financial instruments and is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Prosegur Cash Group has opted not to restate the previous periods.

The impacts of first application consisted of a change on the calculation methodology based on the credit loss expected during the lifetime of the financial asset. The impact was recognised directly in net equity.

The impairment for credit risk based on the expected loss implied a net negative impact of EUR 1,196 thousand. This impact was recognised under "Retained earnings and other reserves" in the balance sheet, and breaks down as follows:

	31/12/2018	IFRS 9	01/01/2018
Clients and other receivables	383,645	(1,776)	381,869
Deferred tax assets	37,290	580	37,870
		(1,196)	

The impact on the consolidated income statement for the year ended on 31 December 2018 consisted of a lower expense in the amount of EUR 112 thousand, with the total provision for estimated loss shown on the consolidated balance sheet amounting to EUR 1,664 thousand at 31 December 2018. There is no material impact on the statement of cash flows for the year ended on 31 December 2018.

The estimated loss is calculated, for each individual company, based on the average percentage of unrecoverable loans in the last few years for each client, applicable on accrued but not yet provisioned revenue.

Furthermore, the previous standard, IAS 39, provided for 4 categories of financial assets: (i) fair value through profit and loss, (ii) held to maturity, (iii) available for sale and (iv) loans and receivables. Under IFRS 9, the last three categories from IAS 39 are eliminated, and the criterion for classifying financial assets will depend on both the manner in which a company manages its financial instruments (its business model) and the existence and characteristics of the financial assets' contractual cash flows. On that basis, the asset will be measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss in the period.

Apart from the changes in nomenclature, the impact of adopting IFRS 9 in the accounting values of the financial assets at 1 January 2018 consisted solely in an increase in the impairment provision, due to the new requirements described above. Furthermore, the classification of financial liabilities under IFRS 9 remains similar to that of IAS 39. In general, liabilities will be measured at amortised cost, except those financial liabilities held for trading, like derivatives, for example, which will be measured at fair value through profit or loss. Consequently, there are no impact in this category of financial instruments.

IFRS 15 Revenue from contracts with clients.

On 1 January 2018, the Group adopted IFRS 15, concerning the recognition of revenue from contracts with clients. The Prosegur Group opted for the transition option provided in the Standard, which involves applying IFRS 15 recognising the cumulative effect as an adjustment at the date of initial application, without restating the information presented in 2017 under the aforementioned standards.

Pursuant to IFRS 15, revenue is recognised in an amount reflecting the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a client, when the client obtains the control of the goods or services provided. Determining the time at which said control is transferred (at a specific time or over a period of time) requires the exercise of judgement by the Group. This Standard replaces the following standards: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue, and the related interpretations (IFRIC 13 Client Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Clients; and SIC-31 Revenue —Barter Transactions Involving Advertising Services).

Moreover, with the application of IFRS 15 incremental costs of obtaining a contract must be recognised as an asset (success fees, mainly, and other expenses paid to third parties) and are recognised in income statement to the extent that the revenue related to said asset are imputed.

IFRS 15 establishes a new five-step model applied to the accounting for revenue from contracts with clients:

Step 1: Identify the contract(s) with a client
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Most of Prosegur's revenue comes from cash in transit and cash management services. The new IFRS 15 standard requires the use of a uniform method for recognising revenue for contracts and performance obligations with similar characteristics. The method chosen by the Group to measure the value of the services the control of which is transferred to the client over time is the product method, provided that through the contract and during its execution it is possible to measure the progress in the work carried out. Product methods recognise revenue on the basis of direct measurements of the value for the client of the goods or services transferred so far in relation to the pending goods or services pledged in the contract.

Revenue from services is recognised during the period in which they are rendered. In fixed price contracts, revenue is recognised to the extent that current services are rendered at the end of the period as a proportion of the total services rendered.

This standard has not had a significant impact on the consolidated financial statements of Prosegur Cash Group due to its transition.

b) Standards and interpretations issued, approved by the EU, but not effective on 01 January 2018 and which Prosegur Cash expects to adopt as of 01 January 2019 or later (none have been adopted in advance)

- IFRS 16 Leases. Effective for annual periods beginning on or after 01 January 2019. IFRS 16 establishes that companies that are lessee in lease contracts will recognise in the consolidated balance sheet the liabilities and assets of lease contracts (except short-term and low-value lease agreements). According to the previous standard, the Group’s contracts were classified as an operating lease, and payments were booked based on the conditions and duration of the contract.

  The Group opted to apply the modified retrospective transition method and, as a result of the analysis conducted by the Group of the potential impact of first-time application of IFRS-EU 16, in 2019 it will recognise new assets amounting to EUR 86,532 thousand, liabilities amounting to EUR 96,809 thousand and a negative impact on reserves of EUR 10,277 thousand, for its operating leases on real estate and fleet. Moreover, the straight-line expense of operating lease has been replaced by a charge for the amortisation of right-of-use assets and an interest expense in lease liabilities.

  To estimate this impact, the Group has calculated, among other factors, the duration of the significant leases considering whether the agreements can be terminated early or not and whether or not the durations can be unilaterally extended by the lessee and, in both cases, the degree of certainty, which, in turn, depends on the expected use of the assets located in the underlying properties leased.

- Amendment to IFRS 9 Repayment features with negative compensation. Allows some prepayable financial assets to be measured at amortised cost in a lower amount than the principal amount outstanding and interest on said principal.

On the date of these consolidated financial statements, with the exception of IFRS-EU 16, none of these regulations is expected to have a significant effect on the consolidated summarised interim financial statements of the Group.

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

- IFRIC 23 – Uncertainty over Income Tax Treatments: This interpretation includes how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty regarding the tax authority's acceptance of a certain tax treatment used by the company.
- Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures. Specifying that IFRS 9 must be applied to long-term interests in an associate or joint venture unless it is accounted for using the equity method.
- Annual Improvements to IFRSs — 2015-2017 Cycle. Amendments to a series of standards.
- Amendment to IAS 19 – Amendment, curtailment or settlement of a plan. Specifying how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.

On the date of preparation of these consolidated annual accounts, Prosegur Cash Management is evaluating the impact of the application of these standards and amendments on the consolidated annual accounts.

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 subsidiaries are included in the consolidated annual accounts from the date on which Prosegur Cash Group obtains control until the date that control ceases.

Transactions and balances with Prosegur Cash Group companies and unrealised profit or loss were eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

Subsidiary accounting policies are changed where necessary for consistency with the principles adopted by Prosegur Cash Group.

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 presented is the date on which the Prosegur Cash Group obtains control of the acquiree.

The consideration paid for the business combination is determined on the acquisition date based on the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent liabilities that depend on future events or compliance with certain conditions in exchange for the control of the acquired business.

The consideration paid excludes any disbursement that does not form part of the exchange for the business acquired. Cost relating to the acquisition are recognised as an expense as they are incurred.

On the date of acquisition Prosegur Cash Group recognises the acquired assets, the liabilities assumed (and any non-controlling interest) at fair value. 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 contingent liabilities insofar as they represent present obligations arising from past events and their fair value may be reliably measured. Prosegur Cash Group also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

The assets and liabilities assumed are classified and designated for their subsequent measurement on the basis of the contractual agreements, economic conditions, accounting and operating policies and other conditions on the acquisition date, except the lease 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. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in the income statement.

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).

Potential profit from tax losses and other deferred tax assets of the acquiree not recognised due to not meeting the recognition criteria on the acquisition date, is accounted for, to the extent that it does not correspond to an adjustment in the valuation period, as income from tax on profit.

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 cost of the business combination includes contingent consideration, if this is probable at the acquisition date 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 at 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 at the date of first consolidation.

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to the Prosegur Cash Group and non-controlling interests after consolidation adjustments and eliminations are determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Prosegur Cash Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of 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. Agreements entered into between the Prosegur Cash Group and non-controlling interests are recognised as a separate transaction.

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence means the power to intervene in a company's finance and operating policy, without implying the existence of control or joint control thereupon. When assessing whether an entity has significant influence, the existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered, as well as the potential voting rights held by the Prosegur Cash Group or by another entity.

Investments in associates are accounted for using the equity method from the date on which significant influence is exercised until the date when the company can no longer prove the existence of said significant influence.

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

The share of Prosegur Cash Group in the profit or loss of the associate entities obtained since the date of acquisition is recognised as an increase or decrease in value of the investments, with a debit or credit made to the item Interest in the P&L of the associate entities, accounted for under the equity method in the consolidated income statement (consolidated income statement). In addition, the share of Prosegur Cash Group in the other global P&L of the associates obtained since acquisition date is posted as an increase or decrease of the value of investments in the associates, recognising the counterpart in another global P&L. Dividend distributions are recognised as reductions in the value of the investments.

Impairment

The Prosegur Cash Group applies the impairment criteria, 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.

Calculation of impairment is determined as the result of the comparison between the book value associated with the net investment in the associate with its recoverable value, the latter being understood as the greater value between the value in use or fair value minus costs of sale or disposal via any other channel. In this regard, value in use is calculated on the basis of the share of Prosegur Cash Group in the current 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 of an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 32.9).

Value impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, value reversals of investments are recognised in profit/(loss), insofar as there is an increase in recoverable value. Value impairment losses are presented separately from the Prosegur Cash Group share in the results of the associates.

Joint arrangements

Joint ventures are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions relating to the relevant activities require the unanimous consent of Prosegur Cash Group and the remaining venturers or operators. The assessment of the existence of joint control is carried out according to the definition of control of subsidiaries.

Joint Ventures

Investments in joint ventures are accounted for applying the equity method. This method consists of including under the consolidated balance sheet heading “Investments accounted for using the equity method” the value of net assets and goodwill, if applicable, corresponding to the holding in the joint venture. Net profit obtained each year corresponding to the percentage interest in joint ventures is shown in the consolidated income statement as “Share in profit/(loss) of equity-accounted investees”. The Prosegur Cash Group has decided to present said profit/loss as part of its operating profit/loss as it considers that the profit/loss of its joint ventures form a part of its operations.

Dividend distributions from joint ventures are recognised as reductions in the value of the investments. The losses of joint ventures which pertain to the Prosegur Cash Group are limited to the value of the net investments, except for those cases in which the Prosegur Cash Group has assumed legal or implied obligations, or else has made payments in the name of joint ventures.

Joint Operations

In regard to joint operations, in its consolidated annual accounts Prosegur Cash Group recognises its assets, including its interest in jointly controlled assets; its liabilities, included its interest in liabilities assumed jointly with other operators; the income obtained from the sale of its share of production arising from the joint operation, and its expenses, including the part pertaining to its of joint expenses.

In sales transactions or contributions by the Prosegur Cash Group to joint operations, only the results pertaining to the share of the rest of operators are recognised, unless the losses should highlight a loss or impairment of value of assets transferred, in which case, these will be recognised in full.

In purchase transactions of Prosegur Cash Group to joint operations, results are only recognised when assets acquired are sold to third parties, unless the losses should highlight a loss of value or impairment of the acquired assets, in which case Prosegur Cash Group shall recognise the proportional share of the losses pertaining to it in full.

The acquisition by Prosegur Cash Group of the initial and subsequent interest in a joint operation, is recognised applying the criteria applied for business combinations, by the percentage share held 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 is not subject to revaluation.

32.3 Consolidated income statement by function of expense

The Prosegur Cash Group opts to present the expenses recognised in the income statement using a classification based on the function of the expenses within the entity as it considers that this method provides users with more relevant information than the classification of expenses by type.

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 consolidated annual accounts of each Prosegur Cash Group entity are presented in the currency of the main economic environment in which it 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 assets denominated in foreign currencies and classified as non-current assets held for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. 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.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

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 a foreign operation

Foreign operations whose functional currency is not the currency of a hyper-inflationary economy have been translated into Euros as follows:

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 at the reporting date;

ii. Income and expenses of each income statement are translated at the average monthly exchange rate;
iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

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 included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to Prosegur Cash Group and the cost of the item can be reliably measured. 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
Constructions	2-3
Installations and machinery	10-25
Other installation	10-30
Furniture	10
IT equipment	25
Vehicles	10-16
Other PPE	10-25

Prosegur reviews the residual values and useful lives of assets and adjusts them, 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 tests property, plant and equipment for impairment on an annual basis, regardless of whether or not there are signs 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 is the amount by which the cost of acquisition exceeds the fair value of the Prosegur Cash Group's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill impairment is verified every year (Note 32.9) posted at cost minus cumulative 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 clients that Prosegur Cash Group recognises under client portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are client service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

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

The fair value allocated to client 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 client relationships, Prosegur uses the income approach, 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.

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

Client 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 client 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 client churn rates to identify any changes to the periods for which client portfolios are expected to generate revenues.

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

If client churn rates have risen, Prosegur re-estimates the useful lives of client portfolios.

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. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives (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 as real estate investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of the Prosegur Cash Group or sale in the ordinary course of business. Property investments are initially recognised at cost, including transactions costs.

The Prosegur Cash Group values real estate investments subsequent to initial recognition applying the criteria of cost or attributed cost used for property, plant and equipment. The amortisation methods are those contained in that section. The estimate useful life of property 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. The recoverable amount is the greater between the 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 are 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 Prosegur Cash Group prepares forecasts of future cash flows before tax based on the most recent budgets approved by 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

Classification

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial asset (In 2017 under IFRS 32 and 39).

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. Financial instruments are classified into different categories based on the nature of the instruments and the Prosegur Cash Group's intentions on 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 recipient without the intention of trading the 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 receivables are generally recognised under trade and other receivables in the statement of financial position under Clients and other receivables (Note 32.12).

Available-for-sale financial assets

The Prosegur Cash Group includes in this category debt securities and equity instruments of other companies that are not classified under any other category of financial asset.

Recognition, measurement and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the date on which Prosegur Cash Group commits 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 expire or the contractual rights to the cash flows from the investment have been transferred and Prosegur Cash Group has transferred substantially all the risks and rewards of 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.

Prosegur Cash Group tests financial assets or groups of financial assets for impairment at the end of each reporting period. 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 over the effective cash flows of the corresponding financial asset have been assigned, and the risks and benefits inherent to their ownership have been substantially transferred, such as in assignments of trade receivables in factoring operations in which the company has no credit risk or interest rate risk.

Conversely, the company does not derecognise financial assets, and recognises financial liabilities in an amount equal to the consideration received, in assignments of financial assets in which the risks and benefits inherent to their ownership are substantially retained, such as discounted cash or factoring with recourse, in which the assigning company retains subordinated financing or other types of guarantees that substantially absorb all the 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. Impairment of trade receivables is recognised if there is objective evidence that Prosegur will not collect all the amounts due under the original contractual terms as well as an impairment due to credit risk based on the expected loss, which is calculated based on the average percentage of uncollectible credits of the last years of each client, applicable to accrued sales, but not yet provisioned. 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 to indicate 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 Non-current Assets 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 impairment losses, initial and subsequent, of assets classified in this category charged to profit/loss from ongoing operations in the consolidated income statement, unless it is a discontinued operation. Non-current assets held for sale are not depreciated or amortised

32.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in credit 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 acquisition by the Group of equity instruments of the parent company is presented at acquisition cost separately as a reduction in net equity in the consolidated balance sheet, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the parent's equity instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

The transaction costs relating to own equity instruments are recognised as a reduction in net equity once any tax effect has been taken into account.

32.16 Provisions

Provisions for restructuring and litigation are recognised when:

i. The Prosegur Cash Group has a present obligation (legal or constructive) as a result of a past event.
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 on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial liability.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at 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.

Liabilities are classified as current unless Prosegur Cash Group has an unconditional right to defer settlement for at least twelve months after the reporting 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. Tax is recognised in the income statement unless it is paid on items recognised directly in equity, in which case the tax is also recognised in 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. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. Prosegur Cash Group recognises tax contingencies that it expects to arise based on estimates when it considers that additional taxes will be payable. 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 tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur Cash Group is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.
The Prosegur Cash Group only offsets deferred tax assets and liabilities against current revenue if there is a legal right in respect of the tax authorities and it intends to settle the resulting debts in their net amount or realise the assets and settle the debts simultaneously.

The Group only offsets deferred income tax assets and liabilities if there is a legal right to offsetting in respect of the tax authorities and said assets and liabilities correspond to the same tax authority, and to the same taxable entity or different taxable entities that intend to settle or realise current tax assets and liabilities in their net amount or realise the assets and settle the liabilities simultaneously, in each of the future years in which they expect to settle or recover significant amounts of deferred tax assets or liabilities.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

32.19 Employee benefits

Compensation based on the performance of Prosegur Cash shares – 2020 Plan

The 2020 Plan and 2017 Plan are generally linked to value creation and envisage the payment of share-based and/or incentives to the Executive President, Executive Director and Senior Management.

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

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

The 2020 and 2017 long-term incentive plans for the Executive President, Executive Director and Senior Management of Prosegur Cash, within the Salaries and wages section, include the expense accrued in relation to the 2018 commitment, amounting to EUR 1,852 thousand (EUR 2,331 thousand in 2017) (Note 21).

The fair value of the incentives indexed to the share quotation price was estimated on the basis of Prosegur Cash's share price at the close of the period (EUR 1.934 share) or at the time of payment.

Termination benefits

Termination benefits are recognised on the earlier date between the one on which Prosegur Cash Group may no longer withdraw the offer and when restructuring costs entailing the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that Prosegur Cash Group may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of Prosegur Cash Group to withdraw the offer takes effect.

In the case of benefits for voluntary termination, it is considered that the Prosegur Cash Group can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If the Prosegur Cash Group expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue 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.

Prosegur Cash Group recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees render the services granting them the right to collection. If the leaves are not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

Prosegur Cash Group calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Prosegur Cash Group recognises this cost when a present, legal or implied obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

Remuneration of senior management

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 reporting period, provision has been made for these plans based on Prosegur Cash management's best possible estimate of the extent to which targets will be met.

Defined benefit schemes

Prosegur Cash includes in defined benefit schemes those financed through the payment of insurance premiums where there is the legal or implicit obligation to directly pay employees the benefits committed as soon as they are payable or to pay additional amounts if the insurer does not disburse the benefits corresponding to services provided by employees in the year or in previous years.

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

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.

In those cases in which the result obtained from the undertaking of the aforementioned operations is negative, in other words an asset arises, Prosegur Cash recognises this up to the limit of the amount of the present value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions thereto. The economic benefit is available for Prosegur Cash if it is realisable at any moment during the life of the plan or in the settlement of plan liabilities, even if not immediately realisable at the close of the reporting date.

Income or expense related to defined benefit schemes 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 likewise recognises the cost of past services as an expense of the reporting period on the earlier date between the one on which the modification or reduction of the plans takes place and when the corresponding restructuring or termination benefits are recognised.

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 schemes 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 implicit obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an implicit obligation.

Prosegur Cash does not offset assets and liabilities among different plans except in cases in which a legal right exists to offset surpluses and deficits generated by the various plans and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously cancel plan obligations with deficits.

Assets or liabilities for defined benefits are recognised as current or non-current depending on the term of realisation or maturity of the relevant benefits.

32.20 Revenue Recognition

Revenue from contracts with clients (IFRS 15)

On 1 January 2018, the Group adopted IFRS 15, concerning the recognition of revenue from contracts with clients. The Prosegur Group opted for the transition option provided in the Standard, which involves applying IFRS 15 recognising the cumulative effect as an adjustment at the date of initial application, without restating the information presented in 2017 under the aforementioned standards.

Pursuant to IFRS 15, revenue is recognised in an amount reflecting the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a client, when the client obtains the control of the goods or services provided. Determining the time at which said control is transferred (at a specific time or over a period of time) requires the exercise of judgement by the Group. This Standard replaces the following standards: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue, and the related interpretations (IFRIC 13 Client Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Clients; and SIC-31 Revenue —Barter Transactions Involving Advertising Services).

Moreover, with the application of IFRS 15 incremental costs of obtaining a contract must be recognised as an asset (success fees, mainly, and other expenses paid to third parties) and are recognised in income to the extent that the revenue related to said asset are imputed.

IFRS 15 establishes a new five-step model applied to the accounting for revenue from contracts with clients:

Step 1: Identify the contract(s) with a client
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue recognition by business:

Guarding and cash services

Most of Prosegur's revenue comes from cash in transit and cash management services. The new IFRS 15 standard requires the use of a uniform method for recognising revenue for contracts and performance obligations with similar characteristics. The method chosen by the Group to measure the value of the services the control of which is transferred to the client over time is the product method, provided that through the contract and during its execution it is possible to measure the progress in the work carried out. Product methods recognise revenue on the basis of direct measurements of the value for the client of the goods or services transferred so far in relation to the pending goods or services pledged in the contract.

Revenue from services is recognised during the period in which they are rendered. In fixed price contracts, revenue is recognised to the extent that current services are rendered at the end of the period as a proportion of the total services rendered.

If the services provided by Prosegur exceed the unconditional right to payment, a contractual asset is recognised. If the payment received by the client exceeds the recognised income, a contractual liability is recognised.

Interest received

Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.

Dividend received

Dividends received are recognised when the right to receive payment is established.

32.21 Leases

When a Prosegur Cash Group entity is the lessee

Leases of property, plant and equipment in which Prosegur Cash Group assumes substantially all the risks and rewards of ownership 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 a Prosegur Cash Group entity is the lessor

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

32.22 Borrowing costs

Prosegur Cash Group recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

32.23 Dividend distribution

Dividends distributed to the Prosegur Cash Group’s shareholders are recognised as a liability in the consolidated annual accounts in the year in which the dividends are approved by the shareholders. Interim dividends will also result in a liability in the Prosegur Cash Group’s consolidated annual accounts in the year in which the payment on account is approved by the Board of Directors.

32.24 Discontinued operations

A discontinued operation is a component of the Group's business whose operations and cash flows may be clearly distinguished from the rest of the Group and which:

- represents a business line or geographic area that is significant and may be considered to be separate from the rest;
- forms part of an individual and coordinated plan to sell or otherwise dispose of the operations of a business line or geographic area that is significant and may be considered to be separate from the rest; or
- is an independent company acquired with the sole purpose of being resold.

Classification as a discontinued operation takes place on initial disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as discontinued, the comparative statement of income and other comprehensive income is restated as though the operation had been discontinued since the start of the comparative year.

32.25 Environment

The cost of armoured vehicles compliant with the Euro VI standard on non-polluting emissions is recognised as an increase in the carrying amount of the asset. At the 2018 reporting date Prosegur has no environment-related contingencies, legal claims or income and expenses relating to the environment.

32.26 Consolidated statement of cash flows

In the consolidated cash flow statements, prepared using the indirect method, the following expressions are used with the following meanings:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to a low risk of material changes in value.
- Operating activities: the ordinary activities of companies belonging to the consolidated group and other activities that are not classified as investment or financing activities.
- Investing activities: The acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that lead to changes in net equity and in financing liabilities. In particular this section includes bank overdrafts.

32.27 Hyperinflation

With retroactive effect from January 1, 2018, Prosegur has applied for the first time IAS 29 and as a consequence IAS 21.42 after being considered the Argentine economy as hyperinflationary on July 1, 2018.

The state of hyperinflation is indicated by the characteristics of the economic environment of Argentina, among which it is included that the accumulated inflation of the last three years has exceeded 100%. As a result, the financial statements of the Argentine companies of the Prosegur group have applied hyperinflationary accounting for the year 2018, and the previous financial information has not been restated. Hyperinflation accounting has been applied to all the assets and liabilities of the dependent company before the conversion. The historical cost of non-monetary assets and liabilities and the different items of equity of this company from its date of acquisition or incorporation to the consolidated statement of financial position until the end of the year has been adjusted to reflect the changes in the purchasing power of the company. the currency derived from inflation. The initial net equity presented in the stable currency is affected by the cumulative effect of inflation restatement of non-monetary items from the date they were recognized for the first time and the effect of converting those balances to the closing rate at the beginning of the year. The Group has chosen to recognize the difference between the net equity of the previous year and the net equity at the beginning of the current year in reserves, together with the conversion differences accumulated up to that date, January 1, 2018. The Group has adjusted the 2018 income statement to reflect the financial benefit corresponding to the impact of inflation on net monetary assets. The various items in the income statement and in the statement of cash flows for 2018 have been adjusted by the inflationary index since its generation, with a balancing entry in financial results and net exchange differences, respectively.

The inflation rates used to compile the information are the Domestic Wholesale Price Index (hereinafter IPIM) until December 31, 2016, and the Domestic Consumer Price Index (hereinafter IPC) as of January 1, 2016. 2017. The IPIM weighs more on manufactured and primary products that are less representative with respect to the totality of activities that are carried out, while the CPI weighs goods and services that are representative of household consumption expenditure.

In the absence of a specific guideline of IAS 8, for cases in which the presentation currency is different from the currency subject to hyperinflation, Prosegur has adopted the accounting policy of recording changes in equity, associated with the currency effect, under the heading of other reserves in their entirety. IAS 29 does not consider that these changes give rise to gains or losses in the income statement, but treats them as adjustments to the equity balances (Note 20).

APPENDIX I. – Consolidated Subsidiaries

Information at 31 December 2018

Company	Registered offices	Holding % over the nominal of the	Holding Company Owning the Holding	Basis of consolidation	Business	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 Colombia 3 SLU (Ex-Prosegur Berlin SLU)	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	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	C
Integrum 2008 SL	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - España	100	Contesta Teleservicios SA	a	1	C
Bloggers Broker SL	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - España	100	Contesta Teleservicios SA	a	1	C
Contesta Servicios Auxiliares SL	Calle Antonio Lopez, 247 - planta 5 - 28041 Madrid - España	100	Contesta Teleservicios SA	a	1	C
Prosegur Colombia 1 SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	1	B
Prosegur Colombia 2 SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	1	B
Prosegur Servicios de Pago EP SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	1	B
Risk Management Solutions SLU	Ochandiano n.º 8 – 2, Madrid 28023	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	C
Compliofficer SLU	Ochandiano n.º 8 – 2, Madrid 28023	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	C
Work 4 Data Lab SL	Arquímedes, 4, 28914, Leganés, Madrid	100	Risk Management Solutions SLU	a	1	C
Dopar Servicios SL	Alvira Lasierra 10 - Zaragoza - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	C
Enclama SL	Juan de la Cierva, 23 - Zaragoza - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	C
Iberprofin SL	Paseo de la Constitución, 4 - Zaragoza - España	100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	1	C
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
BaS Solution GmbH	Daimlerstrasse 25 - 85748 Garching b. Munchen	100	Prosegur Global CIT ROW S.L.U.	a	1	A
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 Valeurs 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 Valeurs 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 - 13420 Gemenos	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 (LISBOA)	100	Prosegur Global CIT ROW SLU	a	1	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de 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.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global CIT, S.L.U Prosegur International CIT 1 SL	a	3	B
Tellex SA	Tres Arroyos 2835 Ciudad de Buenos Aires	95.00 5.00	Transportadora de Caudales de Juncadella S.A. Prosegur Holding CIT ARG, S.A.	a	1	
Prosegur Serviços e Participaçoes Societarias SA (Ex-TSR Participacoes	Av.Thomas Edison, 813 - 1º andar- Barra Funda - CEP 01140-001 São	47.08 52.92	Juncadella Prosegur Internacional SA Prosegur Global CIT SLU	a	1	B
Prosegur Logistica e Armazenamento Ltda	Av. Marginal do Ribeiro dos Cristais nº 200, Distrito de Jordanésia, Município de Cajamar, Estado de São Paulo - Brasil	99 1	Prosegur Global CIT S.L.U. Prosegur International CIT 1, S.L.	a	1	C
Log Cred Tecnologia Comercio e Serviços Ltda	Avenida Santos Dumont, 1883, Edifício Aero Empresarial, sala 215, Km 1,5, Centro - Ciudad de Lauro de Freitas, Estado de Bahia - Brasil	100	Prosegur Serviços e Participaçoes Societarias SA (Ex-TSR Participacoes Societarias SA)	a	1	C
Luma Empreendimientos Eireli- ME	Avenida Santos Dumont, 1883, Edifício Aero Empresarial, sala 215, Km 1,5, Centro - Ciudad de Lauro de Freitas, Estado de Bahia - Brasil	100	Prosegur Serviços e Participaçoes Societarias SA (Ex-TSR Participacoes Societarias SA)	a	1	C
Prosegur Brasil SA Transportadora de Valores e Seguranca	Av.Guaratã, 633, Prado, Belo Horizonte/ MG, CEP.:30.410-640	99.998	Prosegur Serviços e Participaçoes Societarias SA (Ex-TSR Participacoes Societarias SA)	a	1	C

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal of the Company Owning the Holding				
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, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	1	B
G4S Cash Solutions Colombia Ltda	Avda. Americas 41-09, Bogotá- Colombia	50 49 1	Prosegur Colombia 1 SLU Prosegur Colombia 2 SLU Prosegur Colombia 3 SLU	a	1	A
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.	C/ Artigas, esq. 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.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	1	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal,Azcapotzalco,Hogar y Seguridad, calle Piña-297	99.9998 0.0002	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal,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	Distrito Federal,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
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.	111Geylang 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		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
Proteccion de Valores SA	Km 4.5 Carretera a Masaya, contiguo a Edificio Lafise Bancentro, Managua	50 10	CASH Centroamerica 1 CASH Centroamerica 3	a	1	A
Proteccion de Valores SA de CV	Calle Padres Aguilar No. 9 entre 77 y 79 avenida Sur Colonia Escalón San Salvador, El Salvador	60	CASH Centroamerica 1	a	1	A
CASH Centroamerica 1		100	Prosegur Global CIT S.L.U.	a	1	A
CASH Centroamerica 3		100	Prosegur Global CIT S.L.U.	a	1	A
Proteccion de Valores SA	Colonia San Ignacio, 4ta calle 5ta	60	CASH Centroamerica 1	a	1	A
Corporacion Allium SA	15 Avenida "A" 3-67 Oficina No 5 Zona 13 - Guatemala, Guatemala	90 10	Prosegur Global CIT S.L.U. Prosegur International CIT 1, S.L.	a	1	A
Prosegur Filipinas Holding Corporation	21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR, Fourth District - Filipinas	99.995	Prosegur Global CIT ROW S.L.U.	a	3	A
Prosegur Global Resources Holding	18th Floor Philamlife Tower, 8767	99.995	Prosegur Global CIT ROW S.L.U.	a	3	A
Armored Transport Plus Incorporated		36	Prosegur Global Resources Holding Philipines Incorporated	a	1	A
E-CTK Solutions Incorporated		36	Prosegur Global Resources Holding Philipines Incorporated	a	1	A
Fortress Armored Transport Incorporated		36	Prosegur Global Resources Holding Philipines Incorporated	a	1	A

Basis of consolidation

a. The company controls the investee, and it is fully consolidated.
b. Existence of significant influence, equity-accounted.

Business

1. Area of activities from the Cash business group.
2. Activities included in another business line (Note 15 — Non-current assets held for sale)
3. Holding company
4. Financial services
5. Ancillary Services
6. Dormant
7. Other services

Auditor:

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

Information at 31 December 2017

Company	Registered offices	Holding % over the nominal of	the Company Owning the Holding	Basis of consolidation	Business	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 - 13420 Gemenos	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 (LISBOA)	100	Prosegur Global CIT ROW SLU	a	1	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de 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.	Tres Arroyos 2835 Ciudad de 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 - 1º andar-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, Ciudad de 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.	C/ Artigas, esq. 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.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	1	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal,Azcapotzalco,Hogar y Seguridad, calle Piña-297	99.9998 0.0002	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal,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	Distrito Federal,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 at 31 December 2017 (continued)

Company	Registered offices	Holding		Basis of consolidation	Business	Auditor
		% over the nominal	of the Company Owning the Holding			
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.	111Geylang 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

Basis of consolidation

c. The company controls the investee, and it is fully consolidated.
d. Existence of significant influence, equity-accounted.

Business

8. Area of activities from the Cash business group.
9. Activities included in another business line (Note 15 — Non-current assets held for sale)
10. Holding company
11. Financial services
12. Ancillary Services
13. Dormant
14. Other services

Auditor:

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

APPENDIX II. – Breakdown of Joint Arrangements

Information at 31 December 2018

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Basis of consolidation	Business	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 Propietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo	33.3	Prosegur Global CIT ROW SLU	b	1	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Propietary 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	A través de: SBV Services Propietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo - South Africa	100.0	A través de: SBV Services Propietary 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	A través de: SBV Services Propietary Limited	b	1	A
Security Unlimited (PtY) Limited	Suite 51A, Lioli Road, Maseru Lesotho	80.0	A través de: SBV Services Propietary Limited	b	1	

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Basis of consolidation	Business
UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEÍSTICOS MALAGA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE PSEE CETURSA SIERRA NEVADA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE-PSEE CIEMAT	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE MUSEOS VALENCIA	Pajaritos, 24 28007 Madrid	100		d	2

Information at 31 December 2017

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Basis of consolidation	Business	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 Propietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo	33.3	Prosegur Global CIT ROW SLU	b	5	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Propietary 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	A través de: SBV Services Propietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johanesburgo - South Africa	100.0	A través de: SBV Services Propietary 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	A través de: SBV Services Propietary Limited	b	1	A

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Basis of consolidation	Business
UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEÍSTICOS MALAGA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE PSEE CETURSA SIERRA NEVADA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE-PSEE CIEMAT	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE MUSEOS VALENCIA	Pajaritos, 24 28007 Madrid	100		d	2

Basis of consolidation

a. The company controls the investee, and it is fully consolidated.
b. Existence of significant influence, equity-accounted.

Business

1. Area of activities from the Cash business group.
2. Activities included in another business line (Note 15 — Non-current assets held for sale)
3. Holding company
4. Financial services
5. Ancillary Services
6. Dormant
7. Other services

Auditor:

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

APPENDIX III. – Summary Information on Joint Ventures

Information at 31 December 2018

Thousands of Euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information on the financial situation statement					
Non-current assets	**11,533**	**10,330**	**86,883**	**2,215**	110,961
Non-current liabilities	**(6,365)**	**(724)**	**(49,205)**	**(10)**	(56,304)
Total non-current net assets	5,168	9,606	37,678	2,205	54,657
Current assets	**16,692**	**12,502**	**56,543**	**1,519**	87,256
Cash and cash equivalents	**50**	**309**	**14,313**	**415**	15,086
Current liabilities	**(13,214)**	**(15,312)**	**(37,225)**	**(3,139)**	(68,890)
Non-current financial liabilities	-	-	-	-	-
Total current net assets	3,478	(2,810)	19,319	(1,620)	18,366
Net assets	8,646	6,796	56,997	584	73,023
Percentage of holding	49%	49%	33%	-	
Holding in net assets	4,237	3,330	18,809	58	26,433
Book value of the holding	**4,237**	**3,330**	**18,809**	**58**	**26,433**
Income statement information					
Revenue	**20,651**	**15,724**	**229,774**	**-**	266,148
Sale expenses	**(22,401)**	**(16,696)**	**(218,344)**	**9**	(257,432)
Impairment of holdings through the equity method	-	-	-	-	-
Finance income	-	-	-	-	-
Amortisations	(1,286)	(393)	(1,093)	-	(2,772)
Finance expenses	(1,211)	(1,015)	(4,596)	-	(6,823)
Income tax expense (income)	499	332	(1,696)	-	(865)
Profit (loss) for the year from continuing operations	(2,463)	(1,655)	5,138	9	1,029
Expense (income) through the tax on profits from activities					-
Profit for the year	(2,463)	(1,655)	5,138	9	1,029
Other comprehensive income					
Profit (loss) of investments accounted for using the equity method	**(1,207)**	**(811)**	**1,695**	**-**	(322)

Information at 31 December 2017

Thousands of Euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information on the financial situation 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 non-current net 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)**
Non-current financial liabilities	-	-	-	-	**-**
Total current net assets	6,404	(1,803)	860	(1,411)	4,051
Net assets	**11,422**	**9,133**	**58,097**	**158**	**78,810**
Percentage of holding	49%	49%	33%	33%	
Holding in net assets	5,597	4,475	19,152	53	**29,277**
Book value of the holding	5,597	4,475	19,152	53	**29,277**
Income statement information					
Revenue	24,050	20,308	207,784	-	252,142
Sale expenses	(24,379)	(21,598)	(204,015)	-	(249,992)
Impairment of holdings through the equity method	-	-	-	-	-
Amortisations	(1,068)	(827)	(1,902)	-	(3,797)
Finance expenses	(525)	(231)	(5,362)	-	(6,118)
Income tax expense (income)	58	80	532	-	670
Profit (loss) for the year from continuing operations	(795)	(1,442)	(1,060)	-	(3,297)
Expense (income) through the tax on profits from activities					-
Profit for the year	**(795)**	**(1,442)**	**(1,060)**	**-**	**(3,297)**
Profit (loss) from investments accounted for using the equity method	**(390)**	**(706)**	**(350)**	**-**	**(1,446)**

PROSEGUR CASH, S.A. AND SUBSIDIARIES

Consolidated Directors' Report for 2018

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Consolidated Directors' Report for 2018

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

1. The Bank's situation

Prosegur Cash was incorporated as a single person limited company in accordance with Spanish law on 22 February 2016, and subsequently transformed into a public limited company on 21 September 2016.

The Prosegur Cash Group was the result of a spin-off of the Cash business unit of the Prosegur Group, performed by means of a non-monetary contribution of entities under the shared control of the Prosegur Group.

Shares in Prosegur Cash were listed on 17 March 2017 at a price of 2 Euros each, in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia, and are traded on the Spanish Stock Exchange Interconnection System (SIBE).

On 7 April 2017, the Green Shoe period of the stock market flotation ended, and the free float attained 27.5% of the share capital of Prosegur Cash.

The Prosegur Cash Group operates in the following countries: Germany, Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Spain, The Philippines, France, Guatemala, Honduras, India, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa and Uruguay.

1.1 Business model

Prosegur Cash provides services ranging from basic cash in transit and cash management to added-value outsourced services. It includes, primarily, the transportation, storage, safekeeping, 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 focuses mainly on the banking and retail sectors.

Prosegur Cash comprises the following business lines:

- **Transportation:** local and international transport services, via land, sea and air, of funds and other valuable goods, such as jewellery, works of art, precious metals, electronic devices, pharmaceutical products, voting ballots and legal evidence, among others. These services include collection, transport, custody, delivery and deposit in vaults.

- **Cash management:** comprises counting, processing, equipment, custody, packaging and delivery of cash in bank notes and coins, and the loading of ATMs.

- **New services:** includes the following:

    - Automation of payments in retail establishments via self-service smart cash machines, including devices for paying in cash, recycling or dispensing bank notes and coins, and payment of invoices.
    - ATM integrated management, including planning, supervision, first- and second-tier maintenance, and tallying; and
    - Added-value outsourced services (AVOS) for banks, including planning for branch requirements, reconciliation and tallying, and credit card support services.

The mission, vision and values of Prosegur Cash evidence the aspirations and challenges and define the company's approach.

Mission

Our mission or purpose (what makes us work every day) is to generate value for our shareholders, clients and society, offering integrated cash management solutions and related activities, incorporating cutting-edge technology and relying on the talent of top professionals.

Vision

Our vision (the goal we pursue) is to be a leader (nimble and efficient) in the emerging markets sector through the consolidation and transformation of the industry, harnessing the third round of outsourcing at banks.

Values

Our Values (the principles that identify us) encompass the beliefs that guide our conduct. They are the reflection of who we are, how we behave and the way we work for our clients: Pro-Active Approach, Value Creation, Client-Friendliness, Transparency, Excellence, Leadership, Teamwork and Brand.

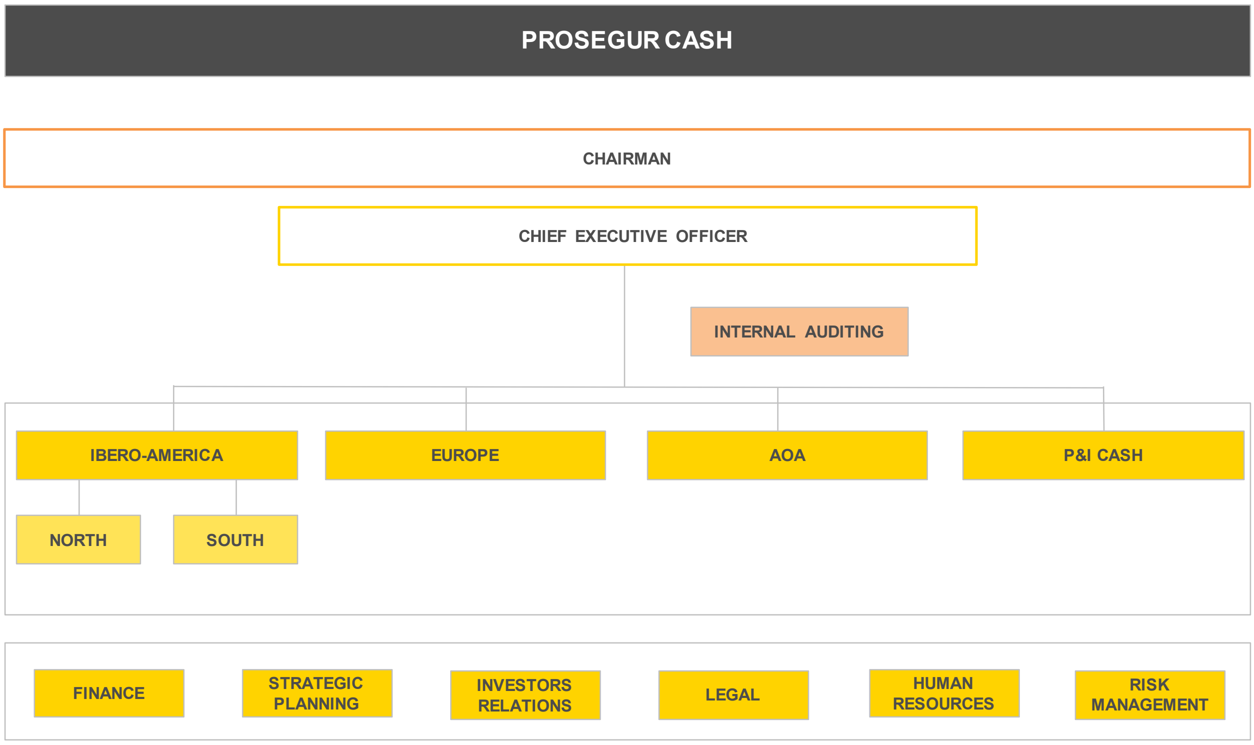
1.2 Organisational structure

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

The Business Areas are divided into three geographical segments—Europe, Asia-Oceania-Africa (AOA) and Ibero-America—plus a fourth, the Innovation and Production Area, affording us a nimble and efficient structure that is entirely client-oriented, adapting to the various needs of our clients and ensuring innovation in our products.

The corporate functions are supervised by the Global Support Divisions that cover the Finance, Human Resources, Investor Relations, Legal, Strategic Planning and Risk Management areas.

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



The Board of Directors is the top management body and the ultimate responsible for decision-making with regard to operations and reviewing the internal financial information with a view to evaluating profit/(loss) and allocating resources.

Changes to the Group's structure

The changes in the composition of the Prosegur Cash Group during 2018 were mainly due to the following acquisitions:

- In 2018, in Iberoamerica Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 61,086 thousand, comprising a cash payment of EUR 33,161 thousand, and a deferred contingent consideration totalling EUR 27,925 thousand maturing in 2018, 2019, 2020 and 2021.

- In 2018, in AOA Prosegur acquired a security company providing cash in transit and cash management services. The total purchase price EUR 20,664 thousand at the acquisition date, comprising a cash payment of EUR 12,593 thousand and a deferred contingent consideration totalling EUR 8,071 thousand.

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

The following companies were incorporated in 2018:

- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- The company Prosegur Servicios de Pago EP S.L.U. was incorporated in Spain in June 2018.
- In June 2018, Prosegur Global Resources Holding Philippines Incorporated was incorporated in The Philippines.
- In July 2018 Prosegur Logistica e Armazenamento Ltda was incorporated in Brazil.
- In December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

In 2018, the Brazil Security business was sold (Note 15 of the consolidated annual financial statements).

1.3 Operation

The unceasing development of the environment in which Prosegur Cash operates has played a crucial role in the company's transformation over the last few years. In this connection, Prosegur Cash established three main goals:

- Respond to clients' new needs, in line with market trends.
- Become their trusted strategic partner.
- Boost their value through efficiency in processes and by implementing increasingly technological services.

At present, Prosegur Cash is in the midst of a new Prosegur Group Three-Year Strategic Plan 2018-2020. The company aims to accelerate its growth in a profitable manner, benefiting from the third wave of outsourcing and the possible consolidation of the sector. In this sense, it has decided to bet on the sale of new products, especially those that have to do with the automation of retail, the integral management of ATMs 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.

The ambition to lead the transformation of the industry is articulated in three basic pillars: Agility, Consolidation and Transformation.

Specific goals have been set in connection with each pillar and, after the first year of the plan, considerable progress has already been made.

Agility

With regard to digitalisation, the established goals are:

- Roll out the necessary platforms and tools to simplify management and enhance the client experience, paving the way for Prosegur Cash to lead the industry in the future.
- Support operational excellence and the technological improvement of processes in order to boost profitability.
- Reduce the weight of indirect costs that do not create value for clients.
- Attract, develop and retain the most highly-qualified professionals. To do this, Prosegur offers them the necessary know-how and tools to enhance their skills and grow within the company.

In 2018, the first year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- In connection with Information Technologies, progress in standardising the technological infrastructure, harmonising systems and reducing operational errors.
- In Human Resources, developing candidate screening using data analysis.
- Automating interfaces with clients.

Consolidation

With regard to innovation, the established goals are:

- Listen to clients to develop new value proposals that meet their needs.
- Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

In 2018, we enhanced sales of smart cash and added-value outsourced services (AVOS).

Transformation

With regard to growth, the established goals are:

- Maintain high rates of profitable organic growth.
- Continue with the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.

Over the course of 2018, progress was made in the acquisitions strategy, entering new countries and consolidating some of our existing markets.

2. Business performance and profit/(loss)

2.1 Main financial and non-financial indicators

(Millions of Euro)	2018	2017	Variation
Sales	**1,731.6**	**1,924.3**	**(10.0%)**
EBITDA	**340.3**	**512.9**	**(33.6%)**
Margin	19.7%	26.7%	
Property, plant and equipment depreciation	(55.4)	(51.2)	
Other intangible depreciation	(16.9)	(16.7)	
EBIT	**268.0**	**445.0**	**(39.8%)**
Margin	15.5%	26.1%	
Financial results	**(3.9)**	**(0.7)**	
Profit before tax	**264.1**	**444.3**	**(40.6%)**
Margin	15.3%	23.1%	
Tax	**(89.9)**	**(139.9)**	
Tax rate	(34.0%)	(31.5%)	
Net income from continued operations	**174.2**	**304.4**	**(42.8%)**
Net income from discontinued operations	(0.0)	0.5	
Net profit	**174.2**	**304.9**	**(42.9%)**
Minority interests	-	-	
Consolidated net profit	**174.2**	**304.9**	**(42.9%)**
Basic profit per share	**0.1**	**0.2**	

The significant decline observed in EBIT at the end of 2018 compared to the same period of 2017 is mainly due to the absence of extraordinary results derived from the corporate reorganization process caused by the IPO in March 2017, due to the lower weight of the Ibero-American region derived from the devaluation of currencies and the application of IAS 29 and IAS 21.42 in Argentina as it is considered a hyperinflationary economy and the adverse environments of France and Australia.

Isolating the aforementioned extraordinary impacts in 2017 (not attributable to the cash business), the income statement would be as follows:

	Adjusted	Adjusted	Adjusted
(Millions of Euro)	**2018**	**2017**	**Variation**
Sales	**1,731.6**	**1,924.3**	**(10.0%)**
EBITDA	**340.3**	**428.1**	**(20.5%)**
Margin	19.7%	22.2%	
Property, plant and equipment depreciation	(55.4)	(51.2)	
Other intangible depreciation	(16.9)	(16.7)	
EBIT	**268.0**	**360.2**	**(25.6%)**
Margin	15.5%	18.7%	
Financial results	**(3.9)**	**(0.7)**	
Profit before tax	**264.1**	**359.5**	**(26.5%)**
Margin	15.3%	18.7%	
Tax	**(89.9)**	**(123.5)**	
Tax rate	(34.0%)	(34.4%)	
Net income from continued operations	**174.2**	**236.0**	**(26.2%)**
Net income from discontinued operations	0.0	0.0	
Net profit	**174.2**	**236.0**	
Minority interests	0.0	0.0	
Consolidated net profit	**174.2**	**236.0**	**(26.2%)**
Basic profit per share	**0.1**	**0.2**	

Consolidated sales of Prosegur Cash Group in the financial year 2018 amount to EUR 1,731.6 million Euros and increased by 10.0%.

The EBIT margin and net income decreased by 25.6% and 26.2% respectively, as a result of the lower weight of the Ibero-American region derived from the devaluation of currencies and the application of IAS 29 and IAS 21.42 in Argentina because it is considered a hyperinflationary economy and the adverse environments of France and Australia.

Sales by geographical area

Consolidated sales are distributed by geographical area as follows:

(Millions of euro)	**2018**	**2017**	**Variation**
Europe	491.0	465.4	5.5%
AOA	92.5	99.3	(6.9%)
Ibero-America	1,148.1	1,359.6	(15.6%)
Total Prosegur Cash	**1,731.6**	**1,924.3**	**(10.0%)**

Prosegur Cash’s consolidated sales in 2018 amounted to EUR 1,731.6 million (EUR 1,924.3 million in 2017), a total decrease of 10.0%, of which 8.5% reflects pure organic growth and 3.4% inorganic growth derived mainly from acquisitions made in 2018. The combined currency exchange rate effect and the result of applying IAS 29 and IAS 21.42 had a negative impact of 22.0%.

Sales by business area

Aggregated consolidated sales are distributed by business area as follows:

	Europe			AOA			Ibero-America			Total		
(Millions of euro)	2018	2017	Variation	2018	2017	Variation	2018	2017	Variation	2018	2017	Variation
Transportation	267.4	260.3	2.7%	60.7	53.7	13.1%	764.3	954.8	(19.9%)	1,092.5	1,268.8	(13.9%)
% total	54.5%	55.9%		65.7%	54.1%		66.6%	70.1%		63.1%	65.9%	
Cash management	151.0	150.9	0.0%	25.6	36	(28.9%)	257.9	302.1	(14.6%)	434.5	489.0	(11.2%)
% total	30.7%	32.4%		27.6%	36.4%		22.5%	22.2%		25.1%	25.4%	
New products	72.7	54.2	34.1%	6.1	9.6	(36.2%)	125.9	102.7	22.6%	204.7	166.5	22.9%
% total	14.9%	11.6%		6.6%	9.7%		11.0%	7.6%		11.8%	8.7%	
Total	**491.0**	**465.4**	**5.5%**	**92.5**	**99.3**	**(6.9%)**	**1,148.1**	**1,359.6**	**(15.6%)**	**1,731.6**	**1,924.3**	**(10.0%)**

Sales at the Transport business fell by 13.9%, due mainly to a 19.9% decrease in Ibero-America, due to the impact of the devaluation of the main Latin American currencies, especially the Argentine Peso and the Brazilian Real.

Sales at the Cash Management business fell by 11.2%, due mainly to a 14.6% decrease in Ibero-America, due to the impact of the devaluation of the main Latin American currencies, especially the Argentine Peso and the Brazilian Real.

With regard to New Products, sales increased in Europe and Ibero-America a by a total of 22.9%, underpinned by the strong performance in Smart Cash, especially in Ibero-America and in the AVOS business in Europe. The increase in Ibero-America was so sizeable that it partly offset the aforementioned currency devaluation effect at the rest of businesses.

Analysis of management in 2018

The performance of Prosegur Cash in 2018 was undermined by a more hostile macroeconomic environment than in 2017. Not only did this environment have a pernicious effect on the performance of Ibero-America currencies, but it also hampered economic growth in our main markets in the region, namely Brazil and Argentina.

The US Federal Reserve's monetary policy decision to start raising interest rates, in March, which continued until the end of last year, accelerated the repatriation to the US of numbers of funds that were invested in the Ibero-America region, pushing forex rates up in various countries. In this connection, both the dollar and the euro ended up appreciating significantly with respect to the main Ibero-America currencies, in particular the Brazilian Real and the Argentine Peso.

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

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

Likewise, 2018 was characterised as being the year in which the company has accelerated its inorganic growth and the weighting of new products over sales has increased. On the one hand, close to EUR 100 million has been invested in new M&A transactions in Ibero-America, Europe and Asia-Pacific. Moreover, the weighting of new products has risen to 11.8% of sales, a notable increase compared with the 8.7% attained in 2017.

By region, sales in Ibero-America logged robust growth in the local currency, in both the traditional business and new products. Furthermore, during the year, we acquired certain assets that will strengthen our range of added-value solutions and our positioning in the region, with the entry into Central America.

This growth and the improvement in operating income in most of the countries where we operate is not reflected in our figures in Euros due to the generalised devaluation of the currencies, which, as we have said, affected all the countries where we have a presence in the region, especially Brazil and Argentina, our most important markets.

Europe saw sales increase compared to the previous year. The traditional business remains solid and the new products continue to grow at a healthy pace in terms of cash automation solutions and specialist processes outsourcing. However, despite the sound sales performance, operating income decreased compared with the previous year, due mainly to our commitment to growing in the French market and, to a lesser extent, the uncertainty unleashed by the "yellow vests" which had a negative impact on our operations in the final quarter of the year.

With regard to inorganic growth, we highlight that, during 2018, the company acquired certain assets in the new products area in Spain and Germany. These acquisitions will enable the company to accelerate growth within this segment in the next few years.

Finally, in the AOA region, both sales and operating income diminished.

Entry into the Philippine market did not offset the loss of volume in the Australian market and the negative impact of currency exchange rates.

Operating income diminished compared with the previous year since Australia has not yet recovered the volume lost and is pending adjusting its operations to adapt to the new market reality. Moreover, in the final quarter of the year, we incurred in certain integration costs linked to our entry into the Philippines.

In terms of cash generation, the company's free cash flow shrank in line with the lower income. The cash conversion ratio remains in line with the previous year's levels, despite the higher investment in capex associated with clients. The company continues to closely monitor our clients' average payment collection period and the return on the investments.

Leveraging increased compared with the previous year, mainly as a result of the rise in M&A activity and higher dividends payment.

In addition, in March 2017 the company was rated BBB by Standard & Poor's, with a stable outlook, one level above entry into investment grade, evidencing its financial solidity and endorsing its stringent indebtedness policy. In October 2018, Standard & Poor's confirmed the credit rating of Prosegur Cash.

The company has no significant refinancing requirements until 2026, when its EUR 600 million bond issued at the end of 2017 matures.

Commercial information

Prosegur Cash has continued to foster the development of the IT platform underpinning its AVOS (Added-value Outsourcing Services) business. This environment combines process control tools, enabling us to adapt to clients' needs, with digital channels and document management tools.

The company has also continued to foster the development of new Smart Cash solutions, with a particular emphasis on retailers' front-office operations. Likewise, the company has automated the control and improved its value data solutions in which cash paid into the machine is available in the retailer's account regardless of its collection.

Investments

All of the Prosegur Cash Group's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to Prosegur Cash's management for approval.

Amortisation and depreciation charges totalled EUR 72.3 million in 2018 (EUR 67.9 million in 2017). Of this total, EUR 51.5 million were for the depreciation of property, plant and equipment (EUR 47.9 million in 2017), EUR 3.9 million for the amortisation of computer software (EUR 3.3 million in 2017) and EUR 16.9 million for the amortisation of other intangible assets (EUR 16.7 million in 2017).

The total investments analysed by the investments team in 2018 are detailed below:

(Millions of euros)	2017	2018
First quarter	23.2	30.0
Second quarter	15.8	14.0
Third quarter	31.6	27.1
Fourth quarter	21.1	19.6
Total	**91.7**	**90.7**

Euros 88.9 million was invested in property, plant and equipment in 2018 (EUR 97.8 million in 2017). Investment of EUR 8.6 million was also made in computer software (EUR 7.0 million in 2017).

3. Liquidity and capital resources

Prosegur Cash is a powerful cash generator, and therefore does not have financing difficulties, being able to enter into strategic financing agreements designed to optimise financial debt, control debt ratios and meet growth targets.

The Prosegur Cash Group calculates net financial debt considering total current and non-current borrowings plus net derivative financial instruments, less cash and cash equivalents, less current investments in group companies and less other current financial assets (Note 29.2).

Net financial debt (excluding other non-bank borrowings corresponding to deferred payments for M&A) at 31 December 2018 amounts to EUR 490.7 million (EUR 424.1 million in 2017).

3.1 Liquidity

Prosegur Cash Group keeps a reasonable level of liquid reserves and a great financing capacity available to ensure flexibility and rapidity in meeting the requirements of working capital of investing capital or inorganic growth.

At 31 December 2018 the Prosegur Group has available liquidity for its Cash business of EUR 678.4 million (EUR 809.7 million in 2017). This amount is mainly compound by:

- EUR 273.8 million of cash and cash equivalents (EUR 317.8 million in 2017).
- EUR 300.0 million of non-current credit available, relating to the drawable syndicated loan arranged on 10 February 2017 (EUR 315.0 million in 2017).
- Other unused lines of credit for EUR 104.6 million (EUR 176.9 million in 2017).

This liquidity represents 39.2% of consolidated annual sales (42.1% in 2017), which ensures both short-term financing requirements and the growth strategy.

The efficiency measures of internal administrative processes implemented in recent financial years have helped to substantially improve business cash flow. The maturity profile of the Prosegur Cash Group's debt is in line with its capacity to generate cash flow to pay it.

3.2 Capital resources

The structure of the long term financial debt is determined by the following contracts:

a) On 29 January 2016, the Prosegur Group arranged a four-year bullet loan denominated in rands (Note 28 of the consolidated Annual Accounts). Said loan was assigned to Prosegur Cash on 6 July 2017 in the amount of 272 million South African rands (which, on 31 December 2018, had an equivalent value of EUR 16.5 million). Prosegur Cash will maintain the same loan conditions and the same term, until 29 January 2020. At the same time as assigning the loan, Prosegur paid Prosegur Cash in cash an amount equivalent to the principal plus interest accrued.

b) On 10 February 2017, a new syndicated financing operation was arranged for a credit facility in the amount of EUR 300 million for a five-year term. At 31 December 2018, no amount has been drawn down.

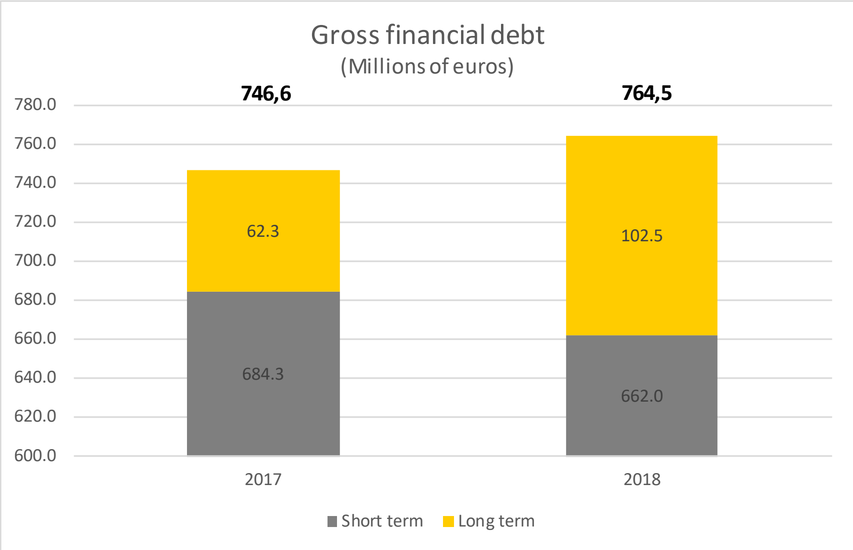
c) On 28 April 2017, Prosegur Cash, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70 million for a 3-year term. At 31 December 2018 the drawn down capital corresponding to the loan amounts to AUD 70 million (equivalent to EUR 45.6 million at 31 December 2018).

d) On 4 December 2017, Prosegur Cash, S.A. launched a EUR 600 million bond issue maturing on 4 February 2026. The bonds trade in the secondary market—the Irish Stock Exchange—accruing an annual coupon of 1.38%, payable at the end of each year.

In consolidated terms, gross non-current financial debt (excluding other non-bank payables corresponding to deferred payments for acquisitions) with maturities of longer than one year at the end of 2018 amounts to EUR 662.0 million (EUR 684.3 million in 2017), supported mainly by the bond issued on 4 December 2017 and dated 2026.

Gross current financial debt (excluding other non-bank payables corresponding to deferred payments for acquisitions) amounts to EUR 102.5 million (EUR 62.3 million in 2017).

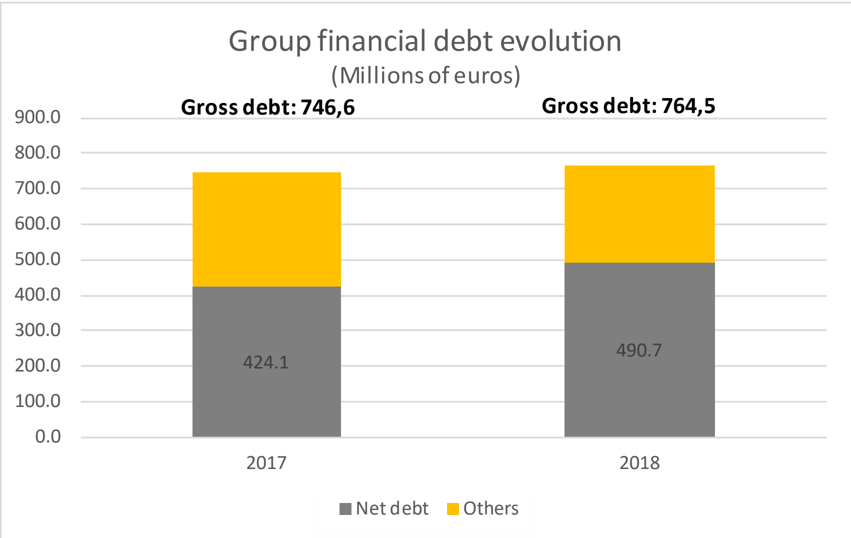
The current and non-current maturities of gross financial debt are distributed as follows:



In 2018 financial debt had an average cost of 2.02% (1.85% in 2017).

Net financial debt (excluding other non-bank borrowings corresponding to deferred payments for M&A) at 2018 year-end amounts to EUR 490.7 million (EUR 424.1 million in 2017).

Below is a comparison of gross debt and net debt (excluding deferred payments for M&A) from 2017 and 2018:



No significant changes are expected in 2019 in 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 2018.

The following table shows the maturities of the debt set out according to contractual obligations at 31 December 2018:

(millions of euro)	Less than 1 year	1 to 5 years	Over 5 years	TOTAL
Loans and borrowings	76.1	67.8	-	143.9
Debentures and other securities	8.3	33.0	624.8	666.0
Credit accounts	14.3	-	-	14.3
Finance lease payables	7.2	3.2	2.7	13.1
Group accounts payable	80.8	-	-	80.8
Accounts payable	314.0	-	-	314.0
Other payables	19.4	39.6	4.9	63.8
	520.0	**143.6**	**632.4**	**1,296.0**

In the usual performance of the activity, Prosegur Cash Group occasionally resorts to operations which are not recorded in the financial statement, usually under the form of an operating lease and mainly with the aim of using high value assets, such as buildings and vehicles. Future lease payment commitments amount to EUR 71.7 million (EUR 109.4 million in 2017), and correspond mainly to contracts for business operating headquarters and operating vehicles (Note 26).

The Prosegur Cash Group calculates its financial leverage as the ratio resulting from net financial debt (excluding other non-bank payables corresponding to deferred M&A payments) over total capital, the latter being the sum of net financial debt (excluding other non-bank payables corresponding to deferred M&A payments) and net equity from the cash business. The ratio at 31 December 2018 is of 0.75 (2017: 0.64)

3.3 Analysis of contractual obligations and off balance sheet transactions

Note 26 of the Annual Accounts included the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

Additionally, as indicated in Note 25 of the Consolidated Annual Accounts, Prosegur Cash Group issues third party guarantees of a commercial and financial nature. The total amount of guarantees issued at 31 December 2018 amounts to EUR 289.7 million (EUR 249.2 million in 2017).

4. Main risks and uncertainties

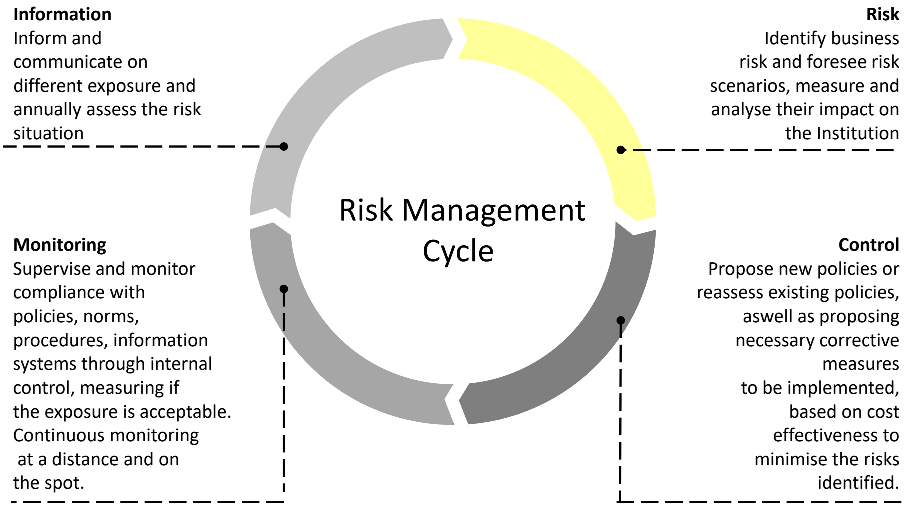
The Prosegur Risk Management system is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system and works together with applied standards in the main clients of financial industry, such as Basel III, and the ISO 31000 standards. The maximum responsibility for risk management falls on the Board of Directors. Among the basic responsibilities of the Audit Committee are to supervise the efficiency of internal control and risk management systems, to verify their suitability and integrity and to review the designation and replacement of the persons responsible.

The main risks identified are:

- Regulatory risk. Regulatory non-compliance, including laws concerning labour and social security, tax, arms control or anti-money laundering in each market and/or as a whole. Adverse changes in regulatory conditions, including tax legislation, or restrictions on obtaining or renewing permits and licences.
- Risks relating to incidents involving assets guarded or loss of cash. Insufficient insurance cover.
- Transactions in markets with a temporary reduction in demand. Prolonged reduction in the use of cash.
- Transactions in highly competitive markets. Pressure on prices and margins. Economic environment.
- Reputational Risk. Negative publicity in connection with the company. Loss of confidence.
- Financial risks, including changes in interest rates or exchange rates, counterparty and tax risks.
- Failures or incidents in the IT infrastructure.
- Loss or theft of confidential information on clients or pertaining to the company. Cyberattacks, security breaches and IT failures.
- Inadequate management of labour costs.
- Decline in liquidity generation or in cash management.

4.1. Operational Risks

The Prosegur Cash risk management cycle is the following:



Regulatory risk

The security sector is subject to a variety of regulations that are constantly changing and are applicable to the activities of the Group and its clients all over the world. Increasing regulations in the regions where Prosegur Cash conducts its business could have a substantial adverse effect on its activity, financial situation and operating income.

Specifically, Prosegur Cash's activity is directly and indirectly affected by legislation, regulations and administrative requirements of local, regional and national authorities of the countries where it operates, and the special requirements of other entities, such as insurance companies and organisations within the sector. Certain aspects of Prosegur Cash's activity are subject to licensing requirements. Furthermore, many countries require permits for security services, including for carrying weapons when armoured vehicles are used to transport goods. The Group depends on maintaining these licences and permits, and on renewing them where appropriate. Similarly, many of the Group's clients, such as financial institutions, are subject to regulations, and if these regulations change they may indirectly have a material adverse effect on the Group's business, financial situation and operating income.

There is no guarantee that legislation, regulations and requirements imposed by authorities and other entities will not change in the future and, accordingly, alter the conditions of the Group's activity. The authorities may introduce new guidelines concerning requirements for specific practices, security solutions and training and certification of staff. The Group could be required to effect changes in its operations or additional investments to adapt to new or amended laws or standards, such as increasing the number of staff manning an armoured vehicle or using cash degradation mechanisms, such as staining bank notes to render them unusable in the event of robbery. These changes and the relevant investments could have a substantial adverse impact on the Group's business, financial situation and operating income. Likewise, a reduction or easing of local regulations could result in increased competition for the Group due to the entry of new participants in the market or a larger number of smaller competitors. Moreover, failure to comply with applicable laws or regulations could lead to sizeable finds or the revocation of the Group's permits and operating licences, which would also have a substantial adverse effect on its business, financial activity and operating income.

Prosegur strives to ensure regulatory compliance and the management of operational and regulatory compliance risks, in view of their impact on the commitments undertaken with stakeholders and, in particular, with clients.

Regulatory risks are mitigated by identifying the risk at an operational level, regularly assessing the control environment and implementing and continuously monitoring programmes to ensure the proper operation of controls implemented.

The local Business Areas define the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels, in connection with operational control, security and regulatory compliance. For this purpose there are standard procedures in place in all the countries where the group operates, consistent with the requirements of regulations applicable in each case.

Likewise, Management plays a crucial role in compliance with all regulations affecting the Prosegur Cash Group. With regard to regulations affecting the prevention of money laundering, it has money laundering prevention units (MLPUs) in those countries where it is subject to applicable regulations (Spain, Australia and all Ibero-America countries where it operates). These units focus on implementing control and supervisory measures to prevent the cash in transit business from being used to launder funds.

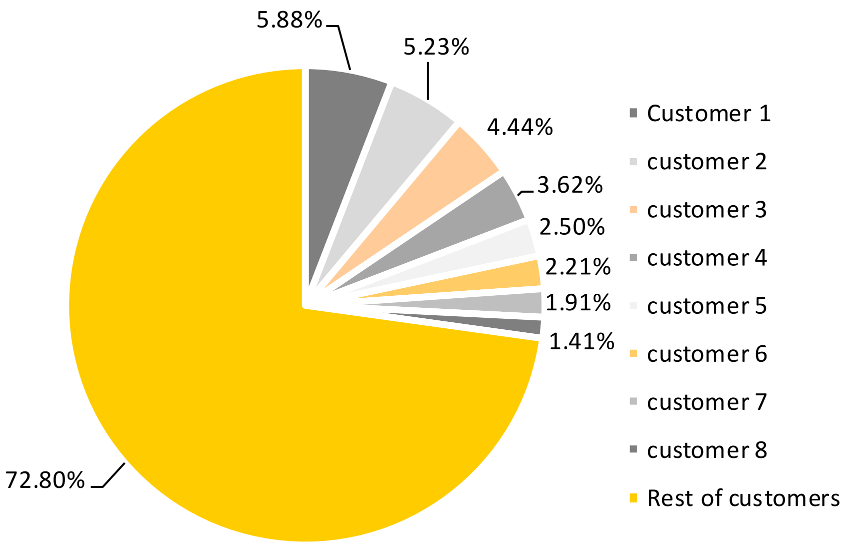
Operational risks

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 risks.

We would highlight the monitoring duties carried out by the Security Area in traceability control and monitoring processes of operations carried out in the transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or differences in the management activity, helping to identify best practices and designing procedures to minimise the risk of loss.

Client concentration

The Prosegur Cash Group does not have significant concentrations of clients. Note 29.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur Cash Group, as shown in the following pie chart:



4.2. Financial risks

Interest rate risk

Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2018, the majority of Prosegur Cash Group's financial liabilities at floating 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. These scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Exchange rate risk

Prosegur Cash is exposed to foreign currency exchange risks arising from its revenues being generated in various currencies (mainly Brazilian Real, Argentine, Colombian, Chilean and Mexican Pesos, Peruvian Sol and Australian dollar), while its functional 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 these margins in Euros would continue to be affected). Fluctuations in exchange rates may also affect the company's financing costs for instruments denominated in currencies other than the Euro.

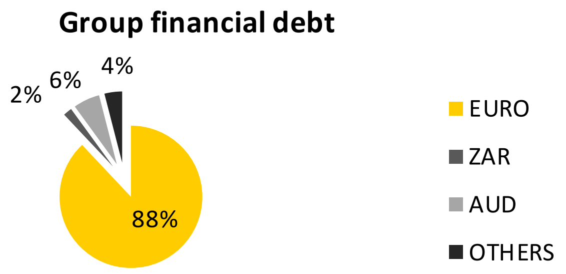
In general, Prosegur Cash does not use currency derivatives to hedge its expected future operations and cash flows, so exchange rate fluctuations may have an adverse effect on the business and, accordingly, the company's financial situation and profit/(loss).

The natural coverage made by Prosegur Cash Group is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated and it is possible to time the investments made in each country based on operating requirements.

The debt in euros represents 88%, in South African ZAR 2%, in Australian dollars 6%, and 4% in the rest of the Group's currencies.

Note 22 of the Consolidated Annual Accounts reflects the value of financial liabilities by currency. 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 2018 is as follows:



Credit risk

The Credit and Collection Departments of each of the countries in which the Prosegur Cash Group operates carries 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's 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). Restrictions on counterparty risk are clearly defined in the corporate policies of the Finance Department and updated credit limits and levels are periodically published.

5. Important circumstances after the reporting period

On 7 February 2019, Prosegur Cash, S.A.'s syndicated loan, of up to EUR 300,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024, with the option of another two-year extension if the issuer agrees.

On February 21, 2019, the companies VN Global BPO S.A. and Grupo N S.A. were acquired in Argentina. Both companies are dedicated to providing AVOS services, mainly to customers in the financial and telecommunications sectors.

6. Information on the foreseeable performance of the entity

Unlike 2018, which was shaped by a deterioration in conditions for accessing international financial markets and the depreciation of emerging currencies, the outlook for 2019 is more optimistic, mainly because there is more certainty relating to the Brazilian economy and because the slower pace of tightening of monetary conditions in the United States may translate into more favourable prospects for emerging economies.

Nevertheless, those economies presenting sizeable external imbalances and/or high levels of indebtedness should be closely monitored, since they will likely continue to face adverse financial conditions.

The presidential election in Argentina, one of Prosegur Cash's main markets, scheduled for October, could introduce uncertainty towards the end of the year.

Against this macroeconomic backdrop, the company will remain focused on developing its business in new products, where it expects to post significant growth. Moreover, the company expected to increase its profitability in local terms in those countries where it operates, and to continue strengthening its internal control procedures to guarantee the maximum efficiency in the various businesses and to optimise cash generation.

Ibero-America currencies are expected to depreciate over the course of 2019, albeit less so than in the previous year. In this connection, the company hopes to be able to mitigate the impact of this on the basis of potential development in the region, greater access to the retail market and its capacity to secure client loyalty and offer them the very best services.

The excellent profit/(loss) obtained in the past by the sales teams in the Ibero-America region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturity process, allows us to approach 2019 with optimism.

The experience acquired in each of these markets over the years have enabled us to develop a successful business model that minimises the impact of events affecting the normal course of business, such as the recession in Brazil, the currency exchange restrictions in Argentina, the devaluation of currencies in the region, while at the same time enabling us to maintain or improve profit/(loss) in the countries where we operate.

Meanwhile, the improving economic environment in Europe will gently drive business growth in most of the countries where we operate, except for France, where the company expects to recover some of the ground lost in 2018. The company is in the midst of an expansion plan that will strengthen its position in France and is aimed at gradually clawing back part of the volume lost over the next few years.

In any event, the company plans to continue evidencing its excellent capacity for adaptation to various situations 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 burgeoning favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services.

Lastly, with regard to the AOA region, the company faces the challenge of completing optimisation of its recently acquired operations in the Philippines and resuming growth in Australia. In this connection, the launch of certain commercial and operational initiatives lead us to be much more optimistic with a view to 2019.

The ample financial structure, with limited levels of leveraging, coupled with the capacity to generate cash, positions the Prosegur Cash Group in an excellent position to continue to pursue its inorganic growth strategy without compromising the limitations on debt levels the company has imposed on itself and that are even more stringent than those included in the available bank financing or required by the rating agencies for investment grade companies. The company plans to grow by entering markets with high growth potential, thereby diversifying risks and opportunities.

In conclusion, in order to tackle the major challenges coming up over the next few years, it is worth noting that the company has excellent growth levers, one of the world's best platforms for transporting funds and handling cash, with a notable presence in emerging markets, unequalled by any competitor, and optimal solvency and financial solidity to drive its expansion. The next few years will focus both on traditional organic growth and expansion via new products, maintaining current profitability levels, and on consolidating its leadership, gaining market share and enhancing its image as a global flagship in its sector.

Estimates and opinions regarding the future development and profit/(loss) at Prosegur Cash's businesses are subject to risks, uncertainties, changes in circumstances and other factors that may lead the actual profit/(loss) to differ materially from forecasts.

7. Acquisition/disposal of own shares

On 8 May 2017, the company arranged a liquidity contract in accordance with regulations applicable at that time. Prior to signing this agreement, the company did not have treasury stock. The operating process prior to the liquidity contract to set up treasury stock ended on 8 June 2017, having attained treasury stock of 1,000,000 shares. The liquidity contract came into operation on 9 June 2017 and ended on 10 July, when contract agreement was terminated. On 7 July 2017, the company signed a new liquidity agreement, entering into force on 11 July 2017, in accordance with the new legislation, commencing operations again to boost the contractual liquidity.

At 2018 year end, Prosegur Cash, S.A.'s treasury stock amounted to 1,057,307 shares (787,474 shares in 2017), of which 602,496 are linked to the liquidity contract (295,789 in 2017).

8. Alternative Performance Measures

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

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

The reconciliation of Alternative Performance Measures is as follows:

Working Capital (Million Euros)	**31.12.2018**	**31.12.2017**
Non-Current Assets held-for-sale	0.6	45.6
Inventories	19.8	6.1
Trade and other receivables	334.1	383.6
Current receivables with Prosegur group companies	54.0	18.1
Current tax assets	86.7	106.0
Cash and cash equivalents	273.8	317.8
Deferred tax assets	36.2	37.3
Trade and other payables	(314.0)	(314.4)
Current tax liabilities	(64.7)	(105.0)
Financial liabilities	(132.0)	(77.5)
Current payables with Prosegur group companies	(80.8)	(48.4)
Liabilities held-for-sale	-	(26.8)
Other current liabilities	(8.6)	(14.6)
Deferred tax liabilities	(41.2)	(26.5)
Provisions	(139.0)	(132.8)
Total Working Capital	**24.9**	**168.5**

CAPEX (Millions of Euro)	**31.12.2018**	**31.03.2017**
Lands and buildings (excluding decommissioning costs)	2.2	0.7
Technical installations and machinery	23.8	15.8
Other installations and furniture	25.9	40.3
Armoured vehicles and other property, plant and equipment	18.1	25.1
Under construction and advances	18.9	15.9
Subtotal: Property, Plant and Equipment additions	88.9	97.8
Software additions	8.6	7.0
Adjusted CAPEX	97.5	104.8
Germany leases (Note 11)	(1.7)	-
Hyperinflation adjustment	1.3	-
Total CAPEX	**97.1**	**104.8**

Adjusted EBIT Margin (Million Euros)	**31.12.2018**	**31.12.2017**
EBIT	268.0	445.0
Less: items not assigned	-	84.8
Adjusted EBIT	268.0	360.2
Revenues	1,731.6	1,924.3
Adjusted EBIT Margin	**15.5%**	**18.7%**

Organic Growth (Million Euros)	**31.12.2018**	**31.12.2017**
Revenues for current year	1,731.6	1,924.3
Less: Revenues for the previous year	1,924.3	1,724.3
Less: Inorganic Growth	66.0	23.4
Effect of exchange rate fluctuations	(422.7)	(41.7)
Total Organic Growth	**164.2**	**218.3**

Inorganic Growth (Million Euros)	**31.12.2018**	**31.12.2017**
Europe	14.7	5.5
AOA	14.4	15.0
Ibero-America	36.9	3
Total Inorganic Growth	**66.0**	**23.4**

Effect of exchange rate fluctuations (Million Euros)	**31.12.2018**	**31.12.2017**
Revenues for current year	1,731.6	1,924.3
Less: Revenues for the current year at exchange rate of previous year	2,154.4	1,965.9
Effect of exchange rate fluctuations	**(422.7)**	**(41.7)**

Cash Flow Conversion Rate (Million Euros)	**31.12.2018**	**31.12.2017**
EBITDA	340.3	512.9
Less: items not assigned	-	84.8
Adjusted EBITDA	340.3	428.1
CAPEX	97.1	104.8
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	**71%**	**76%**

Net Financial Debt (Million Euros)	**31.12.2018**	**31.12.2017**
Financial liabilities	820.0	774.5
Adjusted financial liabilities **(A)**	820.0	774.5
Not assigned financial liabilities with group companies (Note 30) **(B)**	2.8	-
Cash and cash equivalents	(273.8)	(317.8)
Less: adjusted cash and cash equivalents **(C)**	(273.8)	(317.8)
Less: not assigned current investments in group companies **(D)**	-	(23.2)
Total Net Financial Debt (A+B+C+D)	**549.1**	**433.5**
Less: Treasury shares	(1.9)	(2.1)
Total Net Financial Debt including treasury shares (A+B+C+D)	**547.2**	**431.4**
Less: other non-bank payables **(E)**	(58.4)	(9.4)
Treasury shares	1.9	2.1
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) **(A+B+C+D+E)**	**490.7**	**424.1**

EBITA (Million Euros)	**31.12.2018**	**31.12.2017**
Consolidated profit for the year	174.2	236.5
Loss from discontinued operation, net of tax	-	(0.5)
Income tax expenses	89.9	123.5
Net finance income / (costs)	3.9	0.7
Amortizations	16.9	16.7
Adjusted EBITA	284.9	376.9
Less: items not assigned	-	84.8
EBITA	**284.9**	**461.7**

EBITDA (Million Euros)	**31.12.2018**	**31.12.2017**
Consolidated profit for the year	174.2	236.5
Loss from discontinued operations, net of tax	-	(0.5)
Income tax expenses	89.9	123.5
Net finance income / (costs)	3.9	0.7
Depreciation and amortization	72.3	67.9
Adjusted EBITDA	340.3	428.1
Less: items not assigned	-	84.8
EBITDA	**340.3**	**512.9**

9. Other significant information

Stock market information

Prosegur Cash focuses its efforts in the creation of value for its shareholders. Improving profit/(loss) and transparency, as well as rigour and credibility, are what guides the company's actions.

The company's corporate website features the policy that governs its relationship with shareholders and investors, as approved by its Board of Directors. In this connection it undertakes to foster effective and open communication with all shareholders, at all times ensuring that the information it provides is both coherent and clear. Moreover, the company seeks to maintain transparent and regular contact with its shareholders, so as to nurture mutual understanding of their goals.

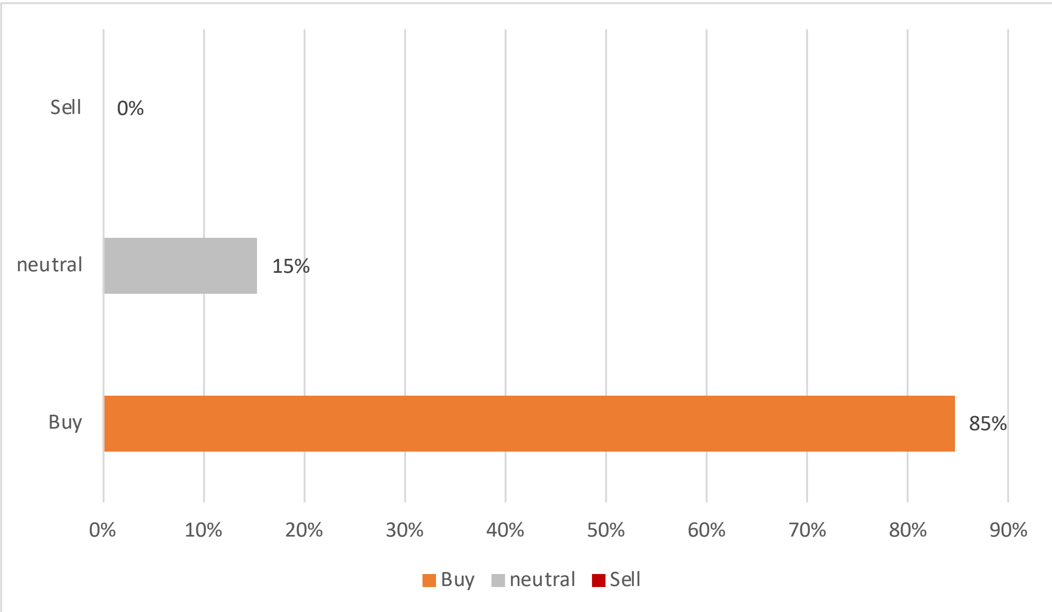
In order to fulfil our commitment to transparency, the company tries to provide all its financial and strategic communications in an open and coherent manner, ensuring, wherever possible, the use of simple language to make them comprehensible, and that the information shows a fair, balanced and understandable view of the situation and prospects of Prosegur Cash.

The company is open to receiving comments and suggestions for improvement, which may be submitted through the specific channels for this purpose mentioned on the website and/or in the investor communication policy.

Finally, in order to present the financial information to investors, the company reports its profit/(loss) quarterly via webcast (on its website). The company's profit/(loss) presentation is led by the Chief Financial Officer and the Director of Investor Relations, and, on an annual basis, by the Executive Director.

Analysts coverage

The recommendations of the 13 investment companies that follow Prosegur Cash are as follows:



On 31 December 2018, Prosegur Cash's share price closed at EUR 1.93, i.e. 28% lower than in the previous December.

Main shareholders

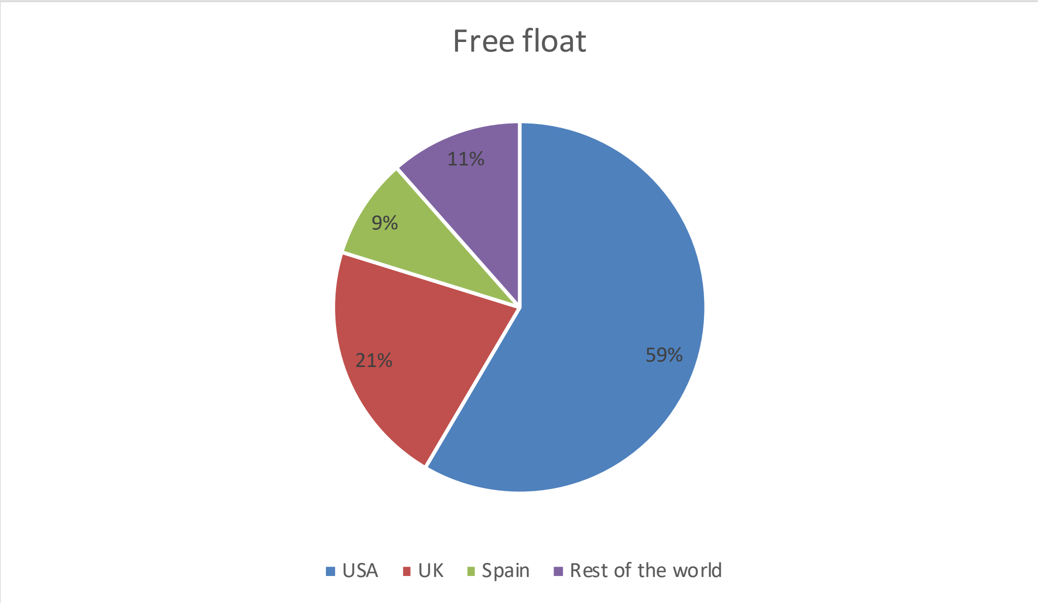
The shareholding structure of Prosegur Cash reflects its solidity and stability.

At 31 December 2018, 72.50% of share capital belongs directly or indirectly to Prosegur, whereas the remaining 27.5% is free float, with notable holdings belonging to FMR (6.645%), Oppenheimer (4.992%) and Fidelity Investment Trust (3.806%).

The composition of the Board of Directors enables the management bodies to define the strategic lines and decisions in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, 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 free float

On the international stage and given its growth potential, Prosegur Cash is well accepted among foreign investors. Furthermore, in the last year its free float among Spanish investors has doubled.



9.2 Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2018 forms part of the Directors' Report and as of the date of publication of the Annual Accounts is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes section 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).

10. Non-financial information reporting

Prosegur Cash is aware that its position as a global leader providing cash in transit and cash handling as well as outsourcing services affords it the responsibility to work to raise standards in all the environments in which it operates. Performance in aspects such as reducing its environmental impact, generating quality employment, occupational health and safety, regulatory compliance, respect for human rights or good governance most clearly represent its commitment.

Within the framework of the management system of Prosegur Cash, known as the 3P System, formal procedures and policies have been compiled in connection with these matters. The 3P System affords the company internal rules and a common language for services and processes. It facilitates standardisation and the provision of services aimed at meeting required quality standards, as well as efficiently managing resources and continuously improving processes.

With regard to social and environmental issues, and those relating to staff, respect for human rights and combating corruption and bribery, we highlight the following policies and procedures:

• Prosegur Cash CSR Policy.
• Environmental Management Policy.
• General Regulation Concerning Human Resources Management.
• General Regulation Concerning Complaints for Discrimination and Harassment.
• Occupational Health and Safety Policy.
• Prosegur Cash Code of Ethics and Conduct.
• General Procedure Governing the Whistleblower Channel.

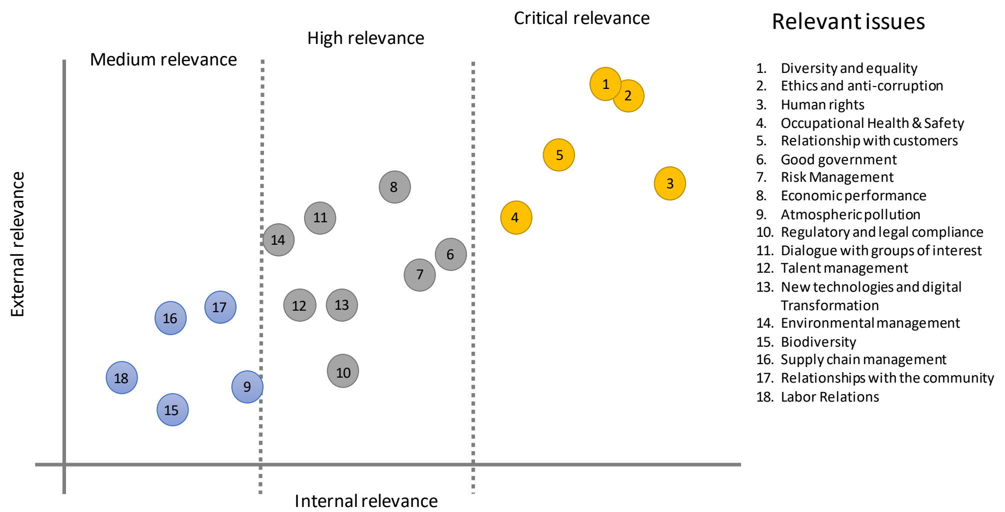
The Board of Directors of Prosegur Cash is, in accordance with the provisions of the law and the Articles of Association, the administrative and representative body of the company. In turn, the Audit Committee is responsible for supervising the process of preparing and presenting the mandatory financial information and submitting recommendations or proposals to the Board of Directors aimed at safeguarding its integrity. The Board of Directors analyzes the business by geographical area, differentiating between Europe, Ibero-America and AOA. Prosegur Cash, given its presence in more than 20 countries, has a portfolio of global clients that makes its management more coherent by region and not by country. Therefore, the company details the results by region for its better understanding in note 10.5 of this Non-Financial Information State.

The 2018 materiality analysis of Prosegur Cash is based on the review and update of the materiality matrix and the adaptation of the topics to the context and developments of the sector and its environment. Consequently, the organisation's purpose is to identify the most relevant areas for external and internal stakeholders, with a view to showing the progress made and determining the measures to take in order to continue generating value.

Prosegur Cash updated the materiality analysis based on the following aspects:

- External relevance in the sector: Standard GRI (Global Reporting Initiative) Guide, information from international bodies and selective stock indices and topics that may have been a source of controversy in 2018 in the private security sector.
- Benchmarking against peers: Analysis of relevant information and best practices at industry peers and materiality studies of companies in and out of the sector.
- Internal relevance: Analysis of the impact of each topic identified in achieving the basic strategies of Prosegur Cash and interviews conducted in the year to persons responsible for significant areas of the company.

As a result of this assessment, a list was drawn up with the 18 matters of greatest importance to Prosegur Cash:



Regarding the results of this year, Prosegur Cash does not consider the following to be material topics:

- Biodiversity: the company does not have a significant impact on living creatures and the variety of ecosystems.
- Atmospheric pollution: the company does not have a significant impact on the emission of noxious particles into the air. Prosegur Cash conducts activities relating to the provision of services, and not therefore activities of transformation or manufacturing.
- Impact of the company's activity on local areas and relationships with local communities: the company does not have a significant impact on the area in which it operates and, accordingly, does not materially affect the local communities, other than the favourable impact of creating jobs in the regions where it is present.

The information concerning risk management, its assessment and impact is described in Note 4 of the Consolidated Directors' Report.

Information concerning the company's activity, location, regions and operations is provided in Note 1 of the Consolidated Annual Accounts.

About this report

- This report responds to Law 11/2018 on non-financial information and diversity.
- The scope of this Non-Financial Information Statement is the same as the consolidation of financial information with the exception of certain acquisitions of M&A in new geographies in 2018 (Philippines and Central America) as it is in the process of integration and homogenization of the processes and company systems and consolidation by the equity method (India and South Africa). In the tables where quantitative data are included, there are notes that indicate the extent of the reported data in relation to sales or employees. In the cases in which the percentage is higher than 100 percent, it is due to the fact that new acquisitions and equity investments have reported information in this regard.
- Sales and employees of the consolidation perimeter are 1,731.6 million euros and 58,394 employees (by the equity method, 94.0 million euros and 15,067 employees, respectively, by new acquisitions, 51.7 million euros and 3,116 employees respectively).
- The comparative data for 2017 are shown for informational purposes only and may not include the same scope as the 2018 data.
- For the preparation of this report, the contents of Law 11/2018 and the GRI Standards have been followed, as detailed in the annex to this Non-Financial Information Statement.
- In accordance with current mercantile regulations, this Statement of Non-Financial Information has been subject to verification by KPMG Asesores, S.L. The independent Verification Report is attached to this Statement of Non-Financial Information. "

10.1 Environmental matters

KPI's	2017	2018	Scope (% of sales)
Direct CO2 emissions	43,368 T	95,182 T	92%
Indirect CO2 emissions	11,908 T	12,556 T	92%
MWh electricity consumption	23,350 MWh	53,788 MWh	92%
Non-hazardous waste managed	506 T	1,325 T	92%
Hazardous waste managed	155 T	149 T	67%
Fuel (millions of liters)	16,06	36,04	92%
Paper consumption	248 T	426 T	92%
Number of uniforms distributed	378,632	235,513	92%
Water consumption (m3)	235,835	328,937	92%

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries in which businesses are equity-accounted.

Prosegur Cash, within the Prosegur Group management system, has a global 3P Environmental Management Policy, or general regulation that is binding upon all employees. Each country can define a local policy that must be aligned with the global policy to ensure compliance with applicable environmental legislation.

Historically, the policy focused on ensuring compliance with the applicable environmental legislation in each country. At present, the Business Area establishes the need to assess risks and adopt measures to reduce the impact of its activities on the environment. Management fosters compliance with the requirements established in ISO 14001 standards and certification, considered to be a differentiating factor in the sector. Prosegur Cash is certified in both Portugal and Spain. In this connection, it periodically monitors the status of its certifications, fully updating them and renewing them in timely fashion.

Prosegur Cash's business activities do not have a significant impact on the environment and neither do they pose a threat in terms of climate change and biodiversity. Its activities relate to the provision of services, and are not therefore activities of transformation or manufacturing. These activities are highly labour-intensive, for example, cash in transit or AVOS. The biggest environment impact of Prosegur Cash is that entailed by the movement of armoured vehicles to clients' facilities.

The Global Quality and Processes Department, with representatives in each country, have at least one professional specialising in managing the environmental system. The head of that department is the person designated by Prosegur Cash to manage environmental matters. The heads of the business areas, fleet, property services and procurements define and adopt measures to improve the environmental impact within their scope of competency.

Aware of the importance of the environment and the impact of our actions upon it, the Quality and Processes Department in each country devises campaigns to raise awareness among our employees via posters or e-mails.

The main environmental aspects inherent to the business activities of Prosegur Cash that do not significantly impact on the environment, climate change or biodiversity are those relating to the consumption of fuels and direct emissions of greenhouse gases associated thereto. There is also the consumption of electricity, paper and plastics at the operating centres.

Prosegur Cash shows its firm commitment to combating climate change through the accounting and control of its consumption and, accordingly, its carbon dioxide emissions.

The Cash business has devised a scorecard to measure, among other indicators, the consumption of fuel by the armoured fleet, which it uses as the basis for decision-making. This scorecard has already been implemented in 12 countries and it is expected to be introduced in another 9 countries.

As for used tyres, suppliers undergo a standardisation process to ensure recycling is duly guaranteed. At Prosegur Cash's own workshops in various countries in Ibero-America, the manner of collecting tyres is established to ensure they are properly recycled.

Field offices and headquarters continue with energy efficiency improvements, conducting studies of power contracted to adapt them to actual consumption at the facilities, or changing light installations, in order to reduce consumptions and the associated costs.

Prosegur Cash, over the course of the 2020 plan, will continue developing a new armoured vehicle model involving en engine type that emits lower greenhouse gases.

100% of high and medium-voltage power used in Spain comes from renewable sources. The 2020 strategic plan envisages extending this policy to other, non-European countries.

Sustainable use of resources

On a country-by-country basis, the consumption and waste generation associated with the company's activity is monitored. Each country establishes the actions and goals to minimise said impact annually. Waste is always subsequently processed by an authorised waste processor, in accordance with the applicable legislation in each country. Furthermore, Global Management has implemented the following actions in the last year:

a) The 3P Policy to manage the fleet of armoured vehicles, including the assessment of energy efficiency and programmes to acquire and withdraw vehicles from the armoured fleet. This policy drives the corporate development of tools to control fuel consumption.

b) Continuity of awareness campaigns to reduce water consumption in headquarters and centres.

c) Continuity of energy efficiency programmes at operating centres, installing efficient lighting devices (LEDs), as well as environmental awareness campaigns.

d) Digitalisation programme, according to which it is possible to digitalise supplier contracts, which is helping to reduce paper consumption. In accordance with legislation, efforts to eliminate delivery notes from the Cash business are ongoing.

e) Centralisation in each country of the contracting of approved waste processors to ensure compliance with legal requirements.

Prosegur Cash consumes materials responsibly and seeks to reduce waste generated by promoting a culture of environmental responsibility and undertaking to reduce the impact of the activities it performs. At 31 December 2018, hazardous and non-hazardous waste managed amount to 149 tonnes and 1,337 tonnes, respectively (155 tonnes and 506 tonnes, respectively, in 2017).

At 31 December 2018, Prosegur Cash has not allocated provisions and guarantees in relation to environmental risks as detailed in Note 28 of the Consolidated Annual Accounts.

10.2 Social and employment matters

		Scope	Spain	Germany	Portugal	France	Argentina	Brazil	Colombia	Chile	Paraguay	Uruguay	Peru	Mexico	Central America	Australia	India	Phillipines	Southafrica	TOTAL
Total summary of employees			**3,983**	**4,069**	**627**	**631**	**4,979**	**14,150**	**2,871**	**2,327**	**849**	**580**	**3,200**	**943**	**2,010**	**1,002**	**8,823**	**1,106**	**6,244**	**58,394**
Gender	Men	145%	2,424	3,388	540	510	4,269	11,504	2,237	1,660	728	496	2,173	662	1,644	677	8,704	681	4,450	**46,747**
	Women		1,559	681	87	121	710	2,646	634	667	121	84	1,027	281	366	325	119	425	1,794	**11,647**
Age	Less than 30 years old		306	307	39	39	538	2,019	887	444	282	21	1,181	274	675	136	3,248	828		**11,224**
	Between 30 an 50 years old	130%	2,342	1,995	449	409	3,604	9,547	1,824	1,138	549	345	1,775	546	1,173	458	4,806	269		**31,229**
	More than 50 years old		1,335	1,767	139	183	837	2,584	160	745	18	214	244	123	162	408	769	9		**9,697**
Professional category	Directors and managers (2)		51	6	3	4	30	121	22	6	8	4	14	9	20	8	74	8		**388**
	Supervisors and coordinators	130%	47	63		45	294	375	32	55	56	10	277	60	64	72	443	111		**2,004**
	Analysts and administratives		118	70	8	51	350	964	125	140	24	207	377	99	114	156	227	2		**3,032**
	Blue collar		3,767	3,930	616	531	4,305	12,690	2,692	2,126	761	359	2,532	775	1,812	766	8,079	985		**46,726**
Number of employees by contract types																				
Gender	Men		2,424	3,388	540	510	4,269	11,504	2,237	1,660	728	496	2,173	662	1,644	677	8,704			**41,616**
	Indefinite	127%	2,095	2,866	470	501	4,269	11,433	21	1,515	722	496	1,430	653	1,644	677	8,704			**37,496**
	Temporary		329	522	70	9		71	2,216	145	6		743	9						**4,120**
	Women		1,559	681	87	121	710	2,646	634	667	121	84	1,027	281	366	325	119			**9,428**
	Indefinite	127%	1,082	567	63	120	710	2,573	42	570	115	84	573	278	366	325	119			**7,587**
	Temporary		477	114	24	1		73	592	97	6		454	3						**1,841**
Age	Less than 30 years old		306	307	39	39	538	2,019	887	444	282	21	1,181	274	675	136	3,248			**10,396**
	Indefinite		96	132	7	38	538	1,875	59	325	272	21	336	273	675	136	3,248			**8,031**
	Temporary		210	175	32	1		144	828	119	10		845	1						**2,365**
	Between 30 an 50 years old		2,342	1,995	449	409	3,604	9,547	1,824	1,138	549	345	1,775	546	1,173	458	4,806			**30,960**
	Indefinite	127%	1,837	1,655	388	404	3,604	9,547	1,820	1,026	547	345	1,427	537	1,173	458	4,806			**29,574**
	Temporary		505	340	61	5			4	112	2		348	9						**1,386**
	More than 50 years old		1,335	1,767	139	183	837	2,584	160	745	18	214	244	123	162	408	769			**9,688**
	Indefinite		1,244	1,646	138	179	837	2,584	160	734	18	214	240	121	162	408	769			**9,454**
	Temporary		91	121	1	4				11			4	2						**234**
Professional category	Directors and managers (2)		51	6	3	4	30	121	22	6	8	4	14	9	20	8	74			**380**
	Indefinite		49	5	3	4	30	121	22	6	8	4	14	9	20	8	74			**377**
	Temporary		2	1																**3**
	Supervisors and coordinators		47	63		45	294	375	32	55	56	10	277	60	64	72	443			**1,893**
	Indefinite		45	63		45	294	375	32	51	56	10	254	57	64	72	443			**1,861**
	Temporary	127%	2							4			23	3						**32**
	Analysts and administratives		118	70	8	51	350	964	125	140	24	207	377	99	114	156	227			**3,030**
	Indefinite		116	69	6	51	350	820	62	128	24	207	262	96	114	156	227			**2,688**
	Temporary		2	1	2			144	63	12			115	3						**342**
	Blue collar		3,767	3,930	616	531	4,305	12,690	2,692	2,126	761	359	2,532	775	1,812	766	8,079			**45,741**
	Indefinite		2,974	3,296	524	521	4,305	12,690	2,692	1,900	749	359	1,473	769	1,812	766	8,079			**42,909**
	Temporary		793	634	92	10				226	12		1,059	6						**2,832**
Number of employees by types of working day																				
Gender	Men		2,424	3,388	540	510	4,269	11,504	2,237	1,660	728	496	2,173	662	1,644	677	8,704			**41,616**
	Full time	127%	2,075	2,931	538	506	4,262	11,424	2,237	1,649	731	496	2,166	662	1,632	348	8,704			**40,361**
	Part time		349	457	2	4	7	80		11			7		12	329				**1,258**
	Women		1,559	681	87	121	710	2,646	634	667	121	84	1,027	281	366	325	119			**9,428**
	Full time	127%	1,190	437	86	112	702	2,547	634	640	118	84	1,008	281	341	117	119			**8,416**
	Part time		369	244	1	9	8	99		27			19		25	208				**1,009**
Age	Less than 30 years old		306	307	39	39	538	2,019	887	444	282	21	1,181	274	675	136	3,248			**10,396**
	Full time		175	206	39	39	530	1,867	887	429	282	21	1,162	274	651	33	3,248			**9,843**
	Part time		131	101			8	152		15			19		24	103				**553**
	Between 30 an 50 years old		2,342	1,995	449	409	3,604	9,547	1,824	1,138	549	345	1,775	546	1,173	458	4,806			**30,960**
	Full time	127%	1,982	1,715	446	397	3,597	9,530	1,824	1,125	541	345	1,768	546	1,160	236	4,806			**30,018**
	Part time		360	280	3	12	7	17		13			7		13	222				**934**
	More than 50 years old		1,335	1,767	139	183	837	2,584	160	745	18	214	244	123	162	408	769			**9,688**
	Full time		1,108	1,447	139	182	837	2,574	160	745	18	214	244	123	162	196	769			**8,918**
	Part time		227	320		1		10								212				**770**
Professional category	Directors and managers (2)		51	6	3	4	30	121	22	6	8	4	14	9	20	8	74			**380**
	Full time		48	6	3	4	30	121	22	6	8	4	14	9	20	8	74			**377**
	Part time		3																	**3**
	Supervisors and coordinators		47	63		45	294	375	32	55	56	10	277	60	64	72	443			**1,893**
	Full time		40	59		45	294	375	32	55	56	10	277	60	64	62	443			**1,872**
	Part time	127%	7	4												10				**21**
	Analysts and administratives		118	70	8	51	350	964	125	140	24	207	377	99	114	156	227			**3,030**
	Full time		108	63	8	50	349	816	125	140	24	207	377	99	114	89	227			**2,796**
	Part time		10	7		1	1	148								67				**234**
	Blue collar		3,767	3,930	616	531	4,305	12,690	2,692	2,126	761	359	2,532	775	1,812	766	8,079			**45,741**
	Full time		3,015	3,240	613	519	4,291	12,659	2,692	2,095	761	359	2,506	775	1,775	264	8,079			**43,643**
	Part time		752	690	3	12	14	31		31			26		37	502				**2,098**

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method. In the cases in which the percentage is higher than 100%, it is because the new acquisitions and equity investments have reported information in this regard.

(1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.

(2) The professional category of "Directors and Managers" includes Senior Management.

Number of dismissals																		
Gender	Men		73	190	11	21	87	1,391	36	88	94	7	204	120	45	164	1,729	**4,260**
	Women		74	42		9	14	448	4	40	16		91	69	3	77	33	**920**
Age	Less than 30 years old		25	53	2	3	22	384	15	54	26		136	96	21	46	891	**1,774**
	Between 30 an 50 years old		85	115	8	19	63	1,069	23	66	81	2	136	82	24	121	775	**2,669**
	More than 50 years old	127%	37	64	1	8	16	386	2	8	3	5	23	11	3	74	96	**737**
Professional category	Directors and managers (2)		3					10		2				1		2	10	**28**
	Supervisors and coordinators		3	2		4	5	43		1	6	4	28		2	27	83	**208**
	Analysts and administratives			3			14	163		4	4		19	4		56	69	**336**
	Blue collar		141	227	11	26	82	1,623	40	121	100	3	248	183	46	156	1,600	**4,607**

Number of new hirings																		
Gender	Men		457	463	27	158	233	634	1,106	289	147	36	431	316	128	199	3,323	**7,947**
	Women		517	107	9	22	70	296	493	178	48	1	208	156	28	77	48	**2,258**
Age	Less than 30 years old		334	173	15	49	131	489	814	219	119	7	479	259	88	73	1,933	**5,182**
	Between 30 an 50 years old		535	296	21	74	166	417	773	235	75	26	156	202	66	144	1,306	**4,492**
	More than 50 years old	127%	105	101		57	6	24	12	13	1	4	4	11	2	59	132	**531**
Professional category	Directors and managers (2)		4			1		3	2	2	1			8	3	1	8	**33**
	Supervisors and coordinators		8	1		8	4	11	4	9	9	4	17	12	5	32	71	**195**
	Analysts and administratives		28	8	2	2	24	192	126	30	8		65	27	4	24	80	**620**
	Blue collar		934	561	34	169	275	724	1,467	426	177	33	557	425	144	219	3,212	**9,357**

Detail of employees by Professional category																		
Professional category	Directors and managers (2)		51	6	3	4	30	121	22	6	8	4	14	9		8	74	**360**
	Men		44	6	3	4	26	117	14	4	6	4	14	8		5	72	**327**
	Women		7				4	4	8	2	2			1		3	2	**33**
	Supervisors and coordinators		47	63		45	294	375	32	55	56	10	277	60		72	443	**1,829**
	Men		33	56		36	260	309	27	46	47	10	198	42		48	428	**1,540**
	Women		14	7		9	34	66	5	9	9		79	18		24	15	**289**
	Analysts and administratives	122%	118	70	8	51	350	964	125	140	24	207	377	99		156	227	**2,916**
	Men		62	45	6	37	261	484	34	60	12	152	213	51		60	177	**1,654**
	Women		56	25	2	14	89	480	91	80	12	55	164	48		96	50	**1,262**
	Blue collar		3,767	3,930	616	531	4,305	12,690	2,692	2,126	761	359	2,532	775		766	8,079	**43,929**
	Men		2,297	3,281	531	433	3,722	10,594	2,162	1,550	663	320	1,748	561		534	8,027	**36,423**
	Women		1,470	649	85	98	583	2,096	530	576	98	39	784	214		232	52	**7,506**

Professional category	Directors and managers (2)		51	6	3	4	30	121	22	6	8	4	14	9		8	74	**360**
	Less than 30 years old							1	1								2	**4**
	Between 30 an 50 years old		35	3	3	3	10	73	13	5	6	2	10	7		3	63	**236**
	More than 50 years old		16	3		1	20	47	8	1	2	2	4	2		5	9	**120**
	Supervisors and coordinators		47	63		45	294	375	32	55	56	10	277	60		72	443	**1,829**
	Less than 30 years old		1	2		2	2	17	2		18		19	6		2	157	**228**
	Between 30 an 50 years old		32	31		31	211	290	25	29	35	7	201	48		54	275	**1,269**
	More than 50 years old		14	30		12	81	68	5	26	3	3	57	6		16	11	**332**
	Analysts and administratives	122%	118	70	8	51	350	964	125	140	24	207	377	99		156	227	**2,916**
	Less than 30 years old		24	4		3	29	333	79	29	12	2	97	44		35	133	**824**
	Between 30 an 50 years old		70	35	5	31	270	525	37	85	12	125	251	48		66	87	**1,647**
	More than 50 years old		24	31	3	17	51	106	9	26		80	29	7		55	7	**445**
	Blue collar		3,767	3,930	616	531	4,305	12,690	2,692	2,126	761	359	2,532	775		766	8,079	**43,929**
	Less than 30 years old		321	301	39	34	507	1,668	805	415	252	19	1,065	224		113	2,956	**8,719**
	Between 30 an 50 years old		2,094	1,926	441	344	3,113	8,659	1,749	1,019	496	221	1,313	443		321	4,381	**26,520**
	More than 50 years old		1,352	1,703	136	153	685	2,363	138	692	13	119	154	108		332	742	**8,690**

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method. In the cases in which the percentage is higher than 100%, it is because the new acquisitions and equity investments have reported information in this regard.
(1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.
(2) The professional category of "Directors and Managers" includes Senior Management.

Number of employees with disabilities																		
	Number of people with disabilities	86%	47	310	1	27	2	114	24	3			4						**532**
	Percentage of people with disabilities		1%	8%	0%	4%	0%	1%	1%	0%			0%						1%
Number of immigrant employees																		
	Number of immigrants on the workforce	101%	87	377	7	7	57	4	5	13	10		2	6	5				**580**
	Percentage of immigrants on the workforce		2%	9%	1%	1%	1%	0%	0%	1%	1%		0%	1%	0%				1.0%
	Número de directivos procedentes de la comunidad local	122%	51	6	3	4	30	119	21	6	2	4	14	3	ND	8	43		**314**
	Porcentaje de altos directivos procedentes de la comunidad local		100%	100%	100%	100%	100%	98%	95%	100%	25%	100%	100%	33%	ND	100%	58%		0.5%
Average compensation																		
Gender	Men	122%	28,460	28,451	13,876	32,001	19,052	10,042	5,880	14,970	4,870	19,159	9,836	5,343	ND	85,000	1,871		**12,876**
	Women		18,706	21,734	11,261	29,264	16,751	6,606	4,877	10,317	3,741	18,416	6,491	3,816	ND	65,000	3,887		**12,639**
Age	Less than 30 years old		16,987	17,584	12,305	27,057	15,463	6,326	4,363	8,270	3,503	17,400	6,448	3,889	ND	65,000	1,505		**6,207**
	Between 30 an 50 years old		23,446	28,427	13,251	31,422	18,296	10,136	6,004	13,441	5,028	19,316	9,724	4,888	ND	70,000	2,046		**12,617**
	More than 50 years old		28,259	28,247	14,698	32,539	22,934	10,854	8,898	16,699	13,861	18,935	12,968	7,109	ND	85,000	2,286		**20,801**
Professional category	Directors and managers (2)		125,246	180,318	55,801	119,670	114,639	47,751	47,537	86,144	71,229	91,241	78,746	63,815	ND	98,806	16,184		**61,829**
	Supervisors and coordinators		51,076	65,474		49,705	24,756	15,110	18,797	27,117	5,281	20,235	14,052	9,196	ND	61,933	3,728		**18,411**
	Analysts and administratives		30,736	33,003	18,408	35,243	17,693	8,246	6,752	15,466	4,258	20,832	9,541	5,629	ND	45,692	4,596		**13,786**
	Blue collar		22,795	26,403	13,253	28,905	17,727	6,758	5,018	12,963	3,984	17,088	7,681	3,754	ND	36,939	1,599		**10,691**
Trade Union Representation																		
	Number of employees affiliated to a trade union organization	117%	712	1,250	199	ND	892	3,483	177	2,010		466	608	419	ND		600		**10,816**
	Percentage of employees affiliated to a trade union organization		18%	31%	32%	ND	18%	25%	6%	86%		19%	19%	44%	ND		7%		19%
Collective agreements																		
	Number of employees covered by a collective agreement	119%	3983	3560	627	631	4154	13998	894	2075	849	577	608	419	ND		300		**32,675**
	Percentage of employees covered by a collective agreement		100%	87%	100%	100%	83%	99%	31%	89%	100%	99%	19%	44%	ND		3%		56%
Total number of training hours (1)																		
Gender	Men	122%	30,286	48,412	7,855	7,256	14,820	30,290	60,086	38,959	14,084	3,933	13,290	3,894	ND	3,500	479,664		**756,329**
	Women		5,003	12,444	97	837	2,040	8,363	8,086	1,314	724	280	2,641	1,230	ND	1,000	7,296		**51,354**
Professional category	Directors and managers (2)	122%	293	925	4		442	2,731	150	196	144	46	36	161	ND	125	4,032		**9,286**
	Supervisors and coordinators		1,643	212		515	882	4,368	1,048	1,509	579	94	716	300	ND	400	24,144		**36,410**
	Analysts and administratives		2,002	265	3	603	2,187	8,208	5,837	853	134	154	960	370	ND	500	14,112		**36,188**
	Blue collar		31,351	59,455	7,945	6,976	13,348	23,345	61,136	37,715	13,951	3,918	14,219	4,963	ND	3,475	444,672		**726,469**
Total number of hours of training imparted on human rights (1)																		
Gender	Men	46%	70		209		38		2507		978.14		176	618.64	ND	100			**4,697**
	Women		5		22		4		806		222.28			195.36	ND	150			**1,405**
Professional category	Directors and managers (2)	46%			4				2		1.11			21.978	ND	50			**79**
	Supervisors and coordinators								11		34.92			42.328	ND	55			**143**
	Analysts and administratives				50				2		8.24			53.724	ND	25			**139**
	Blue collar		75		177		42		3298		1156.14		176	695.97	ND	125			**5,745**
Investment in training																		
	Investment made in employee training (millions of euros)	122%	0.391	1.461	0.030	0.340	0.218	1.221	0.031	0.180	0.027	0.053	0.180	0.010	ND	0.300	0.111		**5**
Number of employees receiving regular evaluations of performance and professional development																		
Gender	Men	60%	277	87	40	510					564		1434	88	ND	677	663		**4,340**
	Women		173		8	121					68		685	12	ND	325	66		**1,458**
Percentage of employees who receive regular evaluations of performance and professional development																		
Gender	Men	60%	11%	3%	6%	100%					77%		45%	9%	ND	68%	8%		10%
	Women		11%		1%	100%					56%		21%	1%	ND	32%	1%		15%

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(1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.
(2) The professional category of "Directors and Managers" includes Senior Management.

Number of employees who received a maternity or paternity leave																			
Gender	Men	122%	50	52	29	19	404	379	68	4	40	14	68	34	ND	15			**1,176**
	Women		40	27	8	4	1,289	134	23	79	5	4	75	11	ND	45	1		**1,745**
Number of employees who returned to work after their termination due to maternity or paternity ended																			
Gender	Men	100%	46	49	19	19	404	379	68	4	40	14	68	33	ND	5			**1,148**
	Women		29	31	6	4	1,289	134	23	79	5	4	75	11	ND	15			**1,705**
Number of employees who returned to work after the end of their maternity or paternity leave and who continued working for 12 months after returning to work																			
Gender	Men	122%	46	47	15	19	404	358			40	14	68	22	ND	10			**1,043**
	Women		29	31	1	4	1289	106			4	4	75	7	ND	30	3		**1,583**
Turnover																			
Gender	Men	127%	235	386	32	39	266	1,552	976	305	135	33	417	258	134	164	3,778		**8,710**
	Women		195	94	3	9	37	553	518	229	26	2	279	82	36	77	39		**2,179**
Age	Less than 30 years old		109	98	8	13	52	492	654	178	54	6	391	129	78	46	1,886		**4,194**
	Between 30 an 50 years old		229	213	22	23	169	1,196	803	269	101	17	277	156	85	121	1,717		**5,398**
	More than 50 years old		92	169	6	12	82	417	37	87	6	12	28	54	7	74	214		**1,297**
Professional category	Directors and managers (2)		6	1		1		11	4	3	1		1	4	1	2	19		**54**
	Supervisors and coordinators		3	5		8	10	48	77	9	6	4	44	7	5	27	136		**389**
	Analysts and administratives		17	6		1	41	201	15	18	4	1	63	8	3	56	88		**522**
	Blue collar		404	468	25	38	252	1,845	1,398	504	150	30	588	327	161	156	3,574		**9,920**
Number of days worked by all Prosegur employees																			
Gender	Men	122%	888,706	865,224	142,560	126,149	1,037,367	2,511,476	7,352,640	565,474	252,200	128,861	705,358	179,811	ND	133,144	2,541,547		**17,430,516**
	Women		562,295	173,181	22,968	28,176	172,530	580,074	2,085,408	221,720	42,300	21,823	342,393	85,528	ND	62,492	34,455		**4,435,343**
Number of total days lost due to absence																			
Gender	Men	100%	39,529	61,396	6,732	4,750	75,208	30,145	18,380	15,973	5,634	18,281	68,997	10,560	ND	2,914			**358,499**
	Women		36,551	11,149	2,337	1,903	18,821	114,025	8,522	13,270	1,861	5,191	34,491	4,903	ND	1,006			**254,030**
Absenteeism rate (AR)																			
Gender	Men	100%	4%	7.1%	5%	4%	7%	1%	0.25%	3%	2%	14%	10%	6%	ND	2%			2.1%
	Women		7%	6.4%	10%	7%	11%	20%	0.41%	6%	4%	24%	10%	6%	ND	2%			5.7%
Average compensation by professional category and gender																			
Average compensation by professional category and gender in Euro	Directors and managers (2)	100%	**125,246**	**180,318**	**55,801**	**119,670**	**114,639**	**47,751**	**47,537**	**86,144**	**71,229**	**91,241**	**78,746**	**63,815**	**ND**	**98,806**			
	Indefinite		131,453	180,318	55,801	119,670	116,243	47,892	50,730	100,997	88,893	91,241	78,746	68,888	ND	99,200			
	Temporary		86,233				104,213	43,646	41,948	56,437	18,238			23,229	ND	98,150			
	Supervisors and coordinators		**51,076**	**65,474**		**49,705**	**24,756**	**15,110**	**18,797**	**27,117**	**5,281**	**20,235**	**14,052**	**9,196**	**ND**	**61,933**			
	Indefinite		55,045	66,650	37,500	50,784	25,092	14,954	18,989	28,114	5,239	20,235	15,063	9,464	ND	62,150			
	Temporary		41,719	56,071		45,390	22,186	15,839	17,757	22,021	5,503		11,519	8,572	ND	61,500			
	Analysts and administratives		**30,736**	**33,003**	**18,408**	**35,243**	**17,693**	**8,246**	**6,752**	**15,466**	**4,258**	**20,832**	**9,541**	**5,629**	**ND**	**45,692**			
	Indefinite		35,177	37,148	19,262	35,489	18,220	7,822	8,746	17,074	4,752	19,328	10,114	5,426	ND	46,000			
	Temporary		25,819	25,542	15,845	34,594	16,148	8,674	6,007	14,260	3,765	24,989	8,796	5,845	ND	45,500			
	Blue collar		**22,795**	**26,403**	**13,253**	**28,905**	**17,727**	**6,758**	**5,018**	**12,963**	**3,984**	**17,088**	**7,681**	**3,754**	**ND**	**36,939**			
	Indefinite		25,913	27,443	13,579	29,332	18,010	6,123	5,289	14,277	4,088	18,871	8,659	4,101	ND	37,000			
	Temporary		17,922	21,148	11,214	27,021	15,926	9,970	3,914	9,427	3,281	2,455	5,502	2,843	ND	36,800			

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(1) The training data correspond to the face-to-face modality imparted to the company's employees. Face-to-face training represents 92.4% of the total training hours.

(2) The professional category of "Directors and Managers" includes Senior Management.

Taking into account the growth strategy of recent years at a global level, Prosegur Cash generates jobs in the markets in which it is present.

At 2018 year end the Prosegur Cash headcount stood at 58,394 employees (56,873 in 2017), which is 2.7% higher than the previous year.

Diversity

Diversity is an intrinsic part of the spirit of Prosegur Cash, especially in connection with its workforce. This diversity is embodied in the cultural, gender and functional spheres, and have a positive impact on the organisation and on its competitive advantages. The characteristics of the sector in which the company operates are crucial to understand the diversity data.

The percentage of women employees continues to grow thanks to the efforts in recent years, with the figure now at 19.9% of the total workforce.

Selection

A cornerstone of Prosegur's successful consolidation as one of world's main cash in transit and cash management services companies has traditionally been its recruitment policy. Accordingly, Prosegur Cash guarantees its workforce compliance with its labour and social security obligations.

Trust and responsibility are the qualities required in those who render the Company's services on client premises, operating in an area as important as security, so Prosegur Cash must not only ensure the effectiveness of its professionals, but also their honesty, responsibility and psychological maturity.

It is precisely for this reason that continuous improvements are made by Human Resources Management to our recruitment process, enabling us to accurately identify the suitability of an individual for a position within Prosegur Cash.

Remuneration

The Prosegur Cash's remuneration policy includes the following criteria and general principles:

- Willingness to be able to attract and retain the best professionals, aligning their remuneration with internal fairness, as well as to best practices and market conditions.
- Capacity to motivate our employees, ensuring their loyalty and orientation towards the expected business profit/(loss), through variable short-term remuneration, as well as specific medium- and long-term remuneration for management and key positions.
- Consideration at all times of the company's current, medium- and long-term situation and the alignment thereof with the various remuneration schemes. Hence, Prosegur Cash aims to make our employees' remuneration flexible, moving the remuneration scheme towards a model in which variable remuneration has a greater weighting, allowing us to align it with the aforementioned principles.
- Control to ensure compliance with the aforementioned elements, to guarantee non-discrimination by gender, race or age.

Prosegur Cash's contribution to defined pension plans are detailed in Note 5.2 of the Consolidated Annual Accounts.

Remuneration to Senior Management and the Board of Directors is detailed below:

Average remuneration of directors: 216 thousand euros.

- Women: 80 thousand euros of average remuneration.
- Males: 284 thousand euros of average remuneration (the Executive President and the Chief Executive Officer are included in this section).

Average remuneration of top management: 284 thousand euros.

- Women 304 thousand euros of average remuneration.
- Men: 224 thousand euros of average remuneration.

For the calculation of average remunerations, fixed, variable remuneration, allowances and compensation for belonging to commissions have been considered.

Training

Prosegur Cash, as a standard-bearer in the cash in transit and cash management sector, and due to the importance of its work, offers quality employment, in which the skills and degree of specialisation of its professionals are among its main distinguishing factors. In total, 874 thousand training hours were imparted in 2018, implying an average of 22.0 hours of training per employee.

Prosegur Cash, via the online platform of the Prosegur Group—Prosegur Corporate University—offers a virtual space in which professionals can pool their knowledge, experience the company's values, develop their talent and explore specialised training through a common culture. Through this online platform, Prosegur Cash offers a differentiating and harmonised catalogue or courses as part of its professional development plans for employees, which may vary by region. in accordance with the needs and requirements of each country.

In 2018, Prosegur Corporate University was present in thirteen countries. This year, we have included new training contents and functions to enable Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values that are characteristic of the company. This year, more than 11,300 employees accessed the campus with more than 49,000 study hours.

Employment opportunities for people with disabilities

Prosegur Cash has established a series of measures to boost integration of disabled people in the labour market, offering them a more stable future through employment. The main measures are:

- The posting of job offers via web portals, establishing a specific section for affording disabled people employment opportunities.
- The Employment Opportunities Plan for Persons with Intellectual Disability has been implemented in the more representative offices of Prosegur Cash, with new disabled employees being added to the workforce in the various countries.
- Documentary digitalisation to manage the large amount of paper generated, a project adapted to include people with disabilities and create shared value, and one that is responsible with the environment.
- The Special Employment Center in Spain, a collaboration between Aprocor and Prosegur for the labor insertion of people with disabilities. Thanks to the efficiency of this project, it has been decided to create, in the same way, the "CICLO" training center for people with intellectual disabilities, located in Brazil, alliance between Prosegur and the Association of Parents and Friends of the Disabled of São Paulo (Brazil). Additionally, through the Code of Ethics and Conduct, policies are effectively promoted to respond to this issue, especially those related to the selection processes

Furthermore, the Code of Ethics and Conduct effectively promotes policies to respond to this matter, especially those referring to recruitment processes.

Prosegur Cash guarantees all employees access to its facilities by adapting and improving accessibility to all the Group's operating and corporate buildings.

The total number of disabled employees in 2018 was 532 (488 in 2017). The goal is to fully integrate disabled employees into the company.

Labour relations

Prosegur Cash manages labour relations locally, based on the specific characteristics of each market and, in particular, the legislation in place in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and applicable laws in the countries in which it operates, the company respects its employees' rights of freedom to join a union, associate with others and collective bargaining.

Our willingness to talk with trade unions is constant and paramount. The company holds periodic meetings with all legitimate representatives of workers in all the regions where it operates, listening to them, sharing information and seeking common goals. In fact, more than 19% of its workforce are union members and the bargaining agreements signed cover more than 56% of the entire workforce (80% excluding the new geographies M&A acquisitions and the equity method companies). These figures are above the average at other leading companies in the sector. As the collective bargaining agreement for Spanish security companies of 19 January 2018 states, measures are included to foster occupational health and safety measures and to improve employment conditions and information.

As per the provisions of EU Directive 2009/38/EC and Act 10/1997, the Prosegur Group, of which Prosegur Cash is a member, in 2014 established a European Workers' Committee. This body promotes cross-border cooperation between the company and the workers' representatives and nurtures a constructive dialogue on the European stage. Accordingly, consultation is encouraged and cross-border information shared between companies and workers.

In 2017, the Prosegur Group, which includes Prosegur Cash, launched a new corporate Intranet globally. This platform is the first Human Resources tool that is 100% accessible from any device and it has a mobile application that is available for both leading operating systems (Android and iOS).

Absenteeism

Prosegur Cash acts in line with the legal and voluntary regulations in the sector concerning occupational risk prevention, investing in specific training, and creating a safe and responsible working atmosphere within the organisation. Accordingly, the rate of absenteeism in the year was 2.1% in men and 5.7% in women.

Combating absenteeism is a priority and the organisation strives daily to mitigate the negative impact thereof.

Equity plan

The measures adopted in this connection by the Prosegur Group, to which Prosegur Cash belongs, are included in Organic Act 3/2007 on effective equality between men and women. Through these measures, Prosegur Cash undertakes to ensure that there are no situations of discrimination, direct or indirect, for reasons of gender and, in particular, reasons relating to maternity, paternity, family obligations or marital status. The main measures under the equality plan are as follows:

- Information and awareness of the workforce regarding work-life balance measures in place.
- Inclusion in job offers of commitment to gender equality.
- Inclusion of the Equality Plan in the organisation's Intranet.
- Contribution of the Equality Plan and the Harassment Protocol to the Workers' Committees/workers' representatives.
- Inclusion of one copy of the Equality Plan and Harassment Protocol, as well as forbidden behaviours at the workplace, for every 100 employees in the services.

The scope of this Equality Plan is national.

Employment discrimination

Prosegur Cash is constantly striving to foster policies and measures that prevent discrimination, not only at the company, but also transferring these demands to our stakeholders, with whom we are permanently in direct contact.

Prosegur Cash undertakes to respect that principle, as detailed in the Code of Ethics and Conduct, which is part of the best practices followed throughout the company, both internally and with its clients, suppliers, local communities and society as a whole.

The wage gap

Prosegur Cash is committed to bridging the wage gap, fostering equality in work relations between men and women, as for Prosegur talent resides in each individual, regardless of their gender, race, religious beliefs, political views or any other criterion.

Work-life balance

Prosegur Cash works relentlessly to foster flexibility at the workplace, nurturing the work-life balance by fostering flexible working hours, specifically with regard to start and end times of each working day. Fostering a work-life balance makes for a more efficient and gratifying work atmosphere for all employees and helps attract new talent.

Prosegur Cash employees are entitled to know their work schedule, as well as their daily, weekly and monthly rest time. Prosegur Cash does not have a plan to help employees disconnect from work, but it does guarantee compliance with the established rest for all of its employees, once the working day is over.

Occupational health and safety

KPIs	2017	2018	Scope (% of employees)
Safety and health training for employees (hours)	Cash: 45,407.05 Male: 33,874.06 Female: 11,532.99	Cash: 49,878.89 Male: 42,161.70 Female: 7,717.19	96%
No. of fatal accidents (in absolute value)	Cash: 3 Male: 3 Female: 0	Cash: 14 Male: 14 Female: 0	86%
Accident rate (IR)	Cash: 3,30 Male: 3,64 Female: 2,11	Cash: 3,61 Male: 3,97 Female: 2,29	96%
Index of severity (IDR)	Cash: 71,28 Male: 77,69 Female: 48,34	Cash: 186,89 Male: 227,19 Female: 38,64	96%
Occupational Disease Rate (ODR)	Cash: 0,12 Male: 0,09 Female: 0,24	Cash: 1,14 Male: 1,24 Female: 0,768	86%
Number of occupational accidents	Cash: 1,389 Male: 1,195 Female: 194	Cash: 1,326 Male: 1,146 Female: 180	96%

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries in which businesses are equity-accounted.

Prosegur Cash acts in line with industry standards in terms of occupational risk prevention. It invests in specific training linked to "risks due to activity and job, emergency measures and inspections" and in analysing accidents with a view to adopting measures to mitigate risks. The company wishes to ensure that employees work in adequate environments and have the necessary resources to perform their work safely.

- **Training**: One reason why we have managed to keep health and safety indicators relatively low, similar to the values logged in 2017, is the quality and effort of the training imparted to employees in this connection. Accordingly, Prosegur Cash has raised awareness and honed the skills of its employees for tackling the risks they face in their daily work, including driving vehicles.

  In 2018, Prosegur Cash offered a total of 49,879 training hours in health and safety. This is mainly due to two reasons, firstly, the great effort to provide training in the access courses for new recruits, and, secondly, training in countries with the highest accident rates, such as Brazil and Colombia. Skills training in healthy and safety has been primarily on-site, although Prosegur Corporate University remains an important information channel for employees in this connection, with modules concerning occupational risk prevention for operating staff and specific modules in areas such as self-defence and emergency situations.

- **Monitoring**: Prosegur Cash has established internal and external protocols for reporting workplace accidents that enable accident rates to be monitored, accidents to be investigated and ongoing improvements to be implemented. Moreover, it has implemented a working methodology that enable a specific assessment of health and safety conditions at various levels (business, activity, Prosegur Cash work centre or operating base and type of job). Prosegur Cash also has occupational safety and health committees to regularly and periodically consult on actions of occupational risk prevention. Note that implementation of the new Global Protocol for reporting serious and fatal accidents, applied to all businesses and countries, as well as the creation of a global occupational health and safety committee led by the Chief Executive Officer of Prosegur Cash, due to the increase in work-related fatalities due to attacks from third parties.

- **Technological innovation:** Prosegur Cash provides its employees with cutting-edge technology and its considerable innovation capacity to tackle intrinsic risks linked to its employees work, and to thereby dissuade external threats, especially in risks relating to attacks on employees and armoured vehicles, or at cash custody bases. These innovations come alongside the established protocols for action in the event of attacks on bases and armoured vehicle crews in the Cash business. The company's goal is to achieve "zero accidents" despite the intrinsic difficulty in the business in which Prosegur Cash is involved. Thanks to the efforts made in health and safety, in 2018 the accident rate remained stable at 3.61 in Cash (3.30 in 2017)—this figure refers to the number of total accidents / number of hours worked per 200,000.

10.3 Anti-corruption and bribery matters

KPIs	Results
No. of complaints for breaches of the Ethics Code	9
No. of complaints for fraud	7

The scope of these KPIs covers a 100% of the Prosegur Cash Group's workforce.

Ethics and compliance

Ethical conduct and compliance with regulations are essential aspects, especially critical for various reasons intrinsic to Prosegur Cash's business:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal goods are handled.
- Employees work not only to keep clients safe but also to protect and assist society at large.

All members of the governing bodies, executives and staff at Prosegur Cash are committed to conduct themselves in an ethical manner and in strict compliance with regulatory requirements in discharging their duties. This commitment is articulated through common principles and standards also guiding its relations with stakeholders affected by its activities: employees, shareholders, clients and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

The Ethics Code is available on the corporate website and is delivered to each employee for acceptance when they join the company.

Prosegur Cash takes a "zero tolerance" approach to any non-compliance or irregularity.

Prosegur Cash applies the most stringent criteria to observe the obligations established by law and works hard to ensure the establishment of the highest possible standards of compliance in its sector. In this connection, rigour is essential in defining the mechanisms of control and prevention of irregular or unlawful practices, especially in areas of greater risk.

Corporate Compliance Programme

The Corporate Compliance Programme of Prosegur Cash establishes control measures designed to attenuate or remove the risk of non-compliance with regulations in day to day operations. It encompasses any legal aspect that may involve Prosegur, although it centres mainly on anti-money laundering, data protection, defence of competition and prevention of criminal offences.

The Compliance Programme, approved by the Board of Directors of Prosegur Cash, is overseen by the Compliance Committee which acts in an autonomous and independent manner and reports directly to the Audit Committee. This committee comprises representatives of the Legal, Finance, Human Resources, Risk Management and Internal Audit Departments, as well as the Corporate Compliance Officer. Likewise, the company has compliance officials in all the countries where it operates. They oversee implementation of the Compliance Programme in each country for which they are responsible and supervise proper compliance with applicable regulations in each geography, which is also monitored by a local Compliance Committee. In countries in which, in certain spheres, the rules are especially restrictive, the company develops specific regulatory compliance projects. In order to ensure that the Programme is rolled out in daily operations, training courses on the most important aspects are given to employees, as well as courses for senior managers and members of the governing bodies, and specialised courses tailored to those responsible for compliance.

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.

The Code of Ethics and Conduct sets the standards for behaviour and proper practices for all professionals at Prosegur Cash as they discharge their duties and also in their relations with third parties, providing guidance on aspects such as compliance with the law, respect for human rights and equality, and respect among employees. The Code of Ethics and Conduct is a binding instrument, and so must be known and complied with by all workers and members of Prosegur Cash governing bodies. The employees must also collaborate to facilitate its implementation and to report all possible breaches of which they might be aware through the Whistleblower Channel.

In 2018, a total of 2,276 received training with regard to the Code of Ethics and Conduct.

Report channel

In order to detect irregular or unlawful conduct, or conduct that contravenes the Code of Ethics and Conduct, and act in consequence, the company has a Whistleblower Channel enabling any person, whether or not they belong to the company, to report such conduct safely and anonymously via a form available on the website www.prosegurcash.com. The Internal Audit Department confidentially manages any reports received and, where appropriate, and in line with their type and seriousness, sends them to the department responsible for managing, investigating and solving the complaint.

In accordance with the findings of the investigations, in the meetings of the Audit Committee the necessary measures are taken for cases requiring action on the part of the company.

Contributions to sector-specific associations

Prosegur Cash's Code of Ethics and Conduct establishes the duty to act in accordance with the principles of legality, cooperation, truth and transparency in relations with the authorities, public administrations and regulatory bodies in the countries in which the company operates.

Prosegur Cash is a member of industry associations and organisations in order to promote the development of the sector, improved quality standards and to drive the most advanced public policies.
Some of the main international bodies of which the company is a member are: International Security Ligue, European Security Transport Association (ESTA), Asian Cash Management Association (ACMA) and ATM Industry Association (ATMIA).

Moreover, at national level, Prosegur Cash is a member of the main sector organisations in the countries in which it is present.

Prosegur Cash's contributions to these industry associations are not significant and respond to business operating considerations.

10.4 Respect for Human Rights

As a standard-bearer in the cash in transit and cash management sector, Prosegur Cash undertakes to promote respect for human rights as a fundamental element in performing its activities.

The company is concerned to uphold, in its practices and procedures, application of the human rights listed in the Universal Declaration of Human Rights (UDHR), adopted by the United Nations General Assembly. This commitment is conceived as an additional responsibility to the fulfilment of the laws and regulations established in the territories in which Prosegur Cash is present, and particularly in countries in which the State's capacity to safeguard 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 necessary internal supervisory measures to help manage this matter. These transversal factors enable it to assert that it does its utmost to encourage good practices and prevent, detect and eradicate irregularities in connection with human rights.

Within the framework of Prosegur Cash's management system, formal policies and procedures have been devised in connection with human rights, determining the structure and mechanism for supervision and reporting.

Prosegur Cash has a solid system to manage and control risks in which factors pertaining to human rights are considered. These include the breach of personal rights and freedoms and working rights. The system pinpoints the critical risks, which are assessed and managed based on key risk indicators. Depending on the type of risk and its importance, adequate procedures are implemented to prevent, detect, avoid, mitigate, offset or share the effects of a potential materialisation of risks.

The company's Whistleblower Channel enables employees and third party stakeholders to report, in a confidential and anonymous way, any potentially significant irregularity they might notice, including events linked to potential breaches of human rights.

In order to continue with the efficient approach to managing human rights, the Prosegur Group, of which Prosegur Cash is a member, in 2018 implemented a due diligence programme in addition to the established mechanisms, with the following goals:

Goal I: Identification and prioritisation of human rights-related risks.

Goal II: Review of policies and procedures to manage human rights, with corporate and local approaches.

Goal III: Identification of opportunities for improvement in both prevention and mitigation.

This project, performed by a prestigious third party, was completed based on international guidelines and reference documents in this subject. Furthermore, an independent specialist consultancy conducted an analysis of significant matters with an impact on human rights in its activity, defined the degree of connection with each matter, their possible internal and external causes, the resulting impact on people, the risks for Prosegur and the human rights affected.

Throughout the process, opportunities for improvement were identified, associated with the management of prevention and/or control of risks to human rights in the Prosegur Group, to which Prosegur Cash belongs.

Moreover, the company publicly promotes and trains its employees in respect for human rights. This issue is included as part of the training courses given from the areas of human resources and regulatory compliance. In addition, compulsory 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 context of the company.

Prosegur Cash has not received any complaints through its Whistleblower Channel in relation to human rights breaches.

10.5 Company information

KPIs	2017	2018	Scope
Percentage of executives from the local community	68.8%	110% (1)	122% (1)
Number of complaints received from clients/Number of complaints solved	12,858/11,079	22,783/19,375	56%

The scope of these KPIs excludes the new M&A geographies acquired in 2018 and the countries that consolidate by the equity method.
(1) The percentage is higher than 100% since the new acquisitions and the equity method have reported information regarding executives from the local community

Commitment to Sustainable Development

Prosegur Cash includes the Sustainable Development Goals (SDGs) in its strategy and sees them as an opportunity for growth, rapprochement and dialogue with stakeholders and for competitive differentiation, while at the same time underpinning, the process of transformation towards a global sustainable society.

In this regard, the company contributes indirectly to most of the goals and their outcomes and focuses its business vision on the five specific goals most closely related to its activities and lines of business.

- ODS 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- ODS 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- ODS 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- ODS 16: Promote just, peaceful and inclusive societies.
- ODS 17: Revitalise the Global Partnership for Sustainable Development.

Suppliers

The Prosegur Group, to which Prosegur Cash belongs, has a General Regulation within its 3P Management System establishing the criteria and way of managing procurements of goods and/or services in all its spheres of operation, in addition to the national requirements in this connection.

The company establishes that the selection of its suppliers must be independent, objective and transparent, aspects which must be reconciled with its interest in obtaining the best possible commercial conditions. Furthermore, the Code of Ethics and Conduct expressly prohibits the selection and recruitment of suppliers involved in cases of fraud, corruption or other criminal offences.

In this regard, Prosegur Cash's Code of Ethics states that suppliers must accept the Code of Ethics and Conduct as soon as they sign a contract. Furthermore, the company has an internal procedure of action that determines the steps to be taken if there is a conflict of interest or possible fraud between an employee and a supplier. Prosegur Cash does not conduct audits to supervise its suppliers.

Consumer relations

Prosegur Cash aims always to meet the expectations of its clients and anticipate their needs through a friendly service based on transparency and a proactive approach.

Prosegur Cash offers the CEM Client Experience platform to identify contact points in client relations, including sales experience, experience in providing the service and global experience.

Contribution to Fundación Prosegur

On an annual basis, the Prosegur Group, to which Prosegur Cash belongs, contributes to Fundación Prosegur the funds necessary for its operation. Fundación Prosegur channels the company's social and cultural action,embodying its commitment to contribute to the development of the regions where it operates. Thanks to the backing of the entire Prosegur organisational structure, its projects on education, intellectually disabled persons employment opportunities and volunteer schemes have reached 42,063 people in three continents, a 5% increase in the number of direct beneficiaries compared with the previous year.

This quantitative achievement was accompanied by a strengthening of its action lines and intervention model, based on the creation of shared value between company and society, pooling good practices and ongoing improvement.

Prosegur Cash's contribution to Fundación Prosegur in 2018 amounted to EUR 1.1 million.

Tax contribution

Prosegur Cash does not obtain material public subsidies that warrant breaking down in the statement of non-financial information.

As a multinational company, Prosegur Cash has a presence in a number of countries over the five continents and contributes to boosting the economies where its operations are based, via its contribution to the public coffers. Accordingly, its tax strategy is based on OECD (Organisation for Economic Cooperation and Development) guidelines, in compliance with recommendations set forth in the document Base Erosion and Profit Shifting, concerning how to combat tax evasion or reduction and practices tending to shift profits to territories with low or zero tax rates.

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

Due to these interrelationships between the countries of each region, the above information is presented by geographical regions on the understanding that it represents in a reliable manner the management of the business by the Management. In this way the main segments are identified in geographical terms as follows:

- Europe, which covers the following countries: Spain, Germany, France, Portugal and Luxembourg (although it is not a jurisdiction where there is operational activity, it is included as a consequence of the existence of the Luxembourg company Pitco Reinsurance, SA with a corporate purpose of coverage insurance).
- Rest of the world (AOA), which includes the following countries: Australia, India, Singapore (although it is not a jurisdiction where there is operational activity, it is included as a consequence of the existence of the Singapore society Singpai Pte Ltd with the corporate purpose of administrative coverage), Philippines and South Africa.
- Ibero-America, which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru, Uruguay, Guatemala, Nicaragua, Costa Rica, El Salvador and Honduras.

The ordinary income and benefits for each of the mentioned segments are as follows:

	Europe		AOA		LatAm		Not assigned		Total	
Thousands of Euros	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Sales	491,023	465,354	92,460	99,336	1,148,122	1,359,568	-	-	1,731,605	1,924,258
Other net costs	(441,089)	(409,546)	(98,094)	(95,524)	(852,099)	(991,077)	-	84,819	(1,391,282)	(1,411,328)
EBITDA	49,934	55,808	(5,634)	3,812	296,023	368,491	-	84,819	340,323	512,930
Depreciation and amortisation	(15,832)	(14,804)	(7,857)	(7,689)	(48,626)	(45,379)	-	-	(72,315)	(67,872)
Operating profit/(loss) (EBIT)	34,102	41,004	(13,491)	(3,877)	247,397	323,112	-	84,819	268,008	445,058
Net financial costs	(11,599)	(15,918)	(2,732)	(2,493)	10,432	17,680	-	-	(3,899)	(731)
Income tax	(16,562)	(1,277)	3,588	402	(76,907)	(122,641)	-	(16,450)	(89,881)	(139,966)
Post-tax profit from continuing operations	5,941	23,809	(12,635)	(5,968)	180,922	218,151	-	68,369	174,228	304,361

The detail of the effective tax rate per country is as follows:

	Spain	Portugal	Germany	Australia	Brazil	Argentina	Chile	Peru	Uruguay	Paraguay	Mexico	Colombia	Others less 10%
ETR	53.3%	28.1%	72.2%	25.2%	30.4%	29.6%	31.4%	39.0%	30.3%	9.4%	2.0%	126.8%	109.1%

The detail of the effective tax rate per region is as follows:

	Total Ibero-America	Total Europe	Total AOA	Total
ETR	29.8%	68.4%	20.0%	34.03%

The effective rate of each country reflects the tax contribution in% on the benefit before taxes of each company. Therefore, it is the tax paid or payable year after year for said benefits.

The payment for income tax for the year 2018 was 101 million euros.

10.6 Governing Bodies and Corporate Governance

KPIs	Profit/(loss)
Percentage of women in the Board of Directors	Board comprising 33% women
Percentage of independent directors	The Board comprises 44.4% independent directors
Percentage of independent directors in the Audit Committee	100% of members of the Audit Committee are independent directors

The scope of these KPIs represents the 100% of the staff of the Prosegur Cash Group.

At 31 December 2018, the Board of Directors of Prosegur Cash was composed of nine members: two executive and seven non-executive, of which four are independent and three proprietary. The responsibilities of the Executive President and the Executive Director are different and complementary. Prosegur Cash adopts the requirements of the main international standards on corporate governance, which recommend the separation of roles.

Despite the company's ownership structure to date (72.5%-owned by Prosegur), there are only three proprietary directors sit on the Board in representation of the majority shareholder. Moreover, as advised in corporate governance best practices and, in particular, considering the ownership structure, the Audit Committee comprises only independent directors.

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 in connection with corporate governance. The good governance commitment, which includes best practices on a national and international level, and reflects Prosegur Cash's own values, constitute the pillars on which the company and its Group base their Corporate Governance System, whose texts, standards and policies can be found (pursuant to its commitment to transparency) permanently available to the market and, in particular, its shareholders and investors, on the corporate website (www.prosegurcash.com). This commitment also guides the actions of the Board of Directors and its Committees.

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KPMG Asesores S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Non-Financial Information Statement of Prosegur Cash, S.A. for the year 2018

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

To the shareholders of Prosegur Cash, S.A.:

Pursuant to articles 49 of the Spanish Code of Commerce and 262.5 of the revised Corporate Enterprise Act, we have provided limited assurance on the Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2018, of Prosegur Cash, S.A., (hereinafter the Company) which forms part of 2018 Company 's Directors' Report.

The Directors' Report includes additional information to that required by prevailing mercantile legislation on which it is not possible to provide assurance as it was not prepared using adequate criteria. In this regard, our assurance work was limited only to providing assurance on the information contained in the "Content Table of the Law" of the accompanying Directors' Report.

Directors' responsibilities

The Board of Directors of the Company is responsible for the preparation and presentation of the NFIS included in the Company's Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in the "Content Table of the Law" of the aforementioned Director's Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that exclusively refers to 2018. The data for previous years were not subject to assurance according to prevailing mercantile legislation.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the Company that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with Company's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the Company and considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Non-Financial Information Statement for 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2018.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2018 and whether it has been adequately compiled based on data provided by internal and external information sources or third party reports.
- Procurement of a representation letter from the Directors and management.

Basis of the qualified conclusion

The accompanying NFIS does not disclose the information regarding profits obtained per country, as required by prevailing mercantile legislation. In section "Non-Financial Information Statement" of the accompanying Director's Report, the Company's management explains the reasons why this information is not provided.

Conclusion

Based on the assurance procedures performed and the evidence obtained, except for the effect of the matter described in the paragraph "Basis of the qualified conclusion", nothing else has come to our attention that causes us to believe that the NFIS of Prosegur Cash, S.A. for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the "Content Table of the Law" of the aforementioned Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed)

Patricia Reverter Guillot

26 February 2019

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR 2018

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 Annual Accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2018, authorised for issue by the board of directors at the meeting held on 25 February 2019 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and profit/(loss) 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, 25 February 2019

Mr Christian Gut Revoredo Executive President	Mr Pedro Guerrero Guerrero Vice-President
Mr José Antonio Lasanta Luri Executive Director	Ms Chantal Gut Revoredo Director
Mr Antonio Rubio Merino Director	Mr Claudio Aguirre Pemán Director
Ms María Benjumea Cabeza de Vaca Director	Ms Ana Inés Sainz de Vicuña Bemberg Director
Mr Daniel Guillermo Entrecanales Domecq Director	

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated Annual Accounts of Prosegur Cash, S.A. and subsidiaries are the responsibility of the directors of the parent company and have been prepared in accordance with 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 their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using 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. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2018. 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 Annual Accounts, 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 Javier Hergueta Vázquez
Chief Financial Officer

PROSEGUR CASH, S.A.

Auditors' Report, Annual Accounts and Directors'
at 31 December 2018

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

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I. PROFIT AND LOSS ACCOUNTS CORRESPONDING TO THE FINANCIAL YEARS ENDED AT 31 DECEMBER 2018 AND 2017

(Expressed in thousands of EUR)

	Notes	2018	2017
Net turnover	**3**	**161,789**	**156,492**
Dividend received		147,500	144,000
Loan interest income		2,887	2,825
Provision of services		11,402	9,667
Works carried out by the Company for assets		**-**	**70**
Other operating income		**92**	**-**
Non-core and other operating revenues		92	-
Personnel Expenses	**3**	**(4,892)**	**(5,796)**
Wages, salaries and similar charges.		(4,281)	(5,232)
Social security obligations		(611)	(564)
Other operating expenses		**(8,281)**	**(8,465)**
External services	**3**	(7,377)	(7,516)
Taxes		(153)	(105)
Other Ordinary Expenses		(751)	(844)
Fixed assets deterioration	**6 and 7**	**(2,827)**	**(2,596)**
EBIT		**145,881**	**139,705**
Finance income	**4**	**198**	**76**
Third parties		198	76
Finance expenses	**4**	**(15,355)**	**(15,819)**
From payables to Group companies		(4,519)	(5,134)
From payables to third-parties		(10,836)	(10,685)
Exchange differences	**4**	**1,611**	**(2,291)**
NET FINANCE INCOME		**(13,546)**	**(18,034)**
PROFIT BEFORE TAX		**132,335**	**121,671**
Income tax	**15**	3,283	5,484
PROFIT/(LOSS) FOR THE YEAR		**135,618**	**127,155**

The accompanying notes form an integral part of the annual accounts for 2018.

II. BALANCE SHEET AT 31 DECEMBER 2018 AND 2017

(Expressed in thousands of EUR)

ASSETS	Note	2018	2017
NON-CURRENT ASSETS		**949,638**	**949,504**
Intangible Assets	**6**	**7,913**	**7,641**
Trademarks, licences, patents and others similar		1,548	1,417
Computer software		2,925	2,341
Other Intangible assets		3,440	3,883
Property, Plant and Equipment	**7**	**255**	**216**
Technical facilities and other property, plant and equipment		255	216
Long-term investments in Group companies and associates	**8**	**940,545**	**940,545**
Equity instrument		940,545	940,545
Deferred tax assets	**15**	**925**	**1,102**
CURRENT ASSETS		**314,858**	**384,356**
Trade and other receivables		**23,369**	**32,626**
Clients, Group companies and associates	9	18,125	27,876
Sundry Debtors	9	497	97
Personnel	9	5	12
Public entities, other receivables	15	4,742	4,641
Short-term investments in Group companies and associates		**288,583**	**261,099**
Loans to companies	9	267,700	252,519
Other financial assets	9	20,883	8,580
Short-term deferrals		**620**	**641**
Cash and cash equivalents	**11**	**2,286**	**89,990**
Cash and other Cash Equivalents		2,286	89,990
TOTAL ASSETS		**1,264,496**	**1,333,860**

The accompanying notes form an integral part of the annual accounts for 2018.

(Expressed in thousands of EUR)

NET EQUITY AND LIABILITIES	Notes	2018	2017
EQUITY		**70,120**	**53,146**
Shareholders' equity		**70,120**	**53,146**
Subscribed capital	**12**	**30,000**	**30,000**
Subscribed capital		30,000	30,000
Reserves	**12**	**24,495**	**5,518**
Legal and statutory reserves.		6,000	518
Other reserves		18,495	5,000
(Own shares and equity holdings)	**12**	**(1,943)**	**(2,127)**
Profit for the year	**5**	**135,618**	**127,155**
(Dividend on account)	**5**	**(118,050)**	**(107,400)**
NON-CURRENT LIABILITIES		**610,537**	**612,289**
Non-current provisions		**1,296**	**-**
Obligations for long term personnel benefits	**25.9**	1,296	-
Long-term debts	**13**	**609,241**	**612,288**
Bonds and other marketable securities		592,438	594,117
Debts with credit institutions		16,803	18,171
Deferred tax liabilities		**-**	**1**
CURRENT LIABILITIES		**583,839**	**668,425**
Short-term debts	**13**	**95,050**	**20,507**
Bonds and other marketable securities		8,872	-
Debts with credit institutions		61,830	125
Other financial liabilities		24,348	20,382
Short-term payables to Group companies and associates	**13**	**474,998**	**628,233**
Trade and other payables		**13,791**	**19,685**
Suppliers, Group companies and associates	**13**	4,578	8,087
Sundry accounts payable	**13**	4,736	3,661
Personnel (salaries payable)	**13**	2,690	5,230
Public entities, other payables	**15**	1,787	2,707
TOTAL EQUITY AND LIABILITIES		**1,264,496**	**1,333,860**

The accompanying notes form an integral part of the annual accounts for 2018

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Expressed in thousands of EUR)

	Note	2018	2017
Profit/(losses) in the Profit and Loss Account	5	135,618	127,155
Total comprehensive income		135,618	127,155

The accompanying notes form an integral part of the annual accounts for 2018.

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Expressed in thousands of EUR)

	Share capital Subscribed (Note 12)	Reserves (Note 12)	(Own shares and equity holdings) (Note 12)	Profit for the year (Note 5)	(Dividend on account) (Note 5)	TOTAL
BALANCE AT YEAR END 2016	**30,000**	**-**	**-**	**5,181**	**-**	**35,181**
Recognised income and expense	**-**	**-**	**-**	**127,155**	**-**	**127,155**
Operations with partners or owners	**-**	**5,518**	**(2,127)**	**(5,181)**	**(107,400)**	**(109,190)**
(-) Dividend distribution	-	22	-	-	(107,400)	(107,378)
Operations with own stocks or shares (net)	-	315	(2,127)	-	-	(1,812)
Distribution of profit	-	5,181	-	(5,181)	-	-
BALANCE AT YEAR END 2017	**30,000**	**5,518**	**(2,127)**	**127,155**	**(107,400)**	**53,146**
Total comprehensive income	**-**	**-**	**-**	**135,618**	**-**	**135,618**
Operations with partners or owners	**-**	**18,977**	**184**	**(127,155)**	**(10,650)**	**(118,644)**
(-) Dividend distribution	-	-	-	-	(118,050)	(118,050)
Operations with own stocks or shares (net)	-	(778)	184	-	-	(594)
Distribution of profit	-	19,755	-	(127,155)	107,400	-
BALANCE AT YEAR END 2018	**30,000**	**24,495**	**(1,943)**	**135,618**	**(118,050)**	**70,120**

The accompanying notes form an integral part of the annual accounts for 2018

IV. CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

The accompanying notes form an integral part of the annual accounts for 2018.

(Expressed in thousands of EUR)

	Note	2018	2017
Pre-tax financial year profit		**132,335**	**121,671**
Adjustments made to results		**(131,127)**	**(123,369)**
Fixed assets deterioration (+)	6 and 7	2,827	2,596
Finance income (-)	4	(198)	(76)
Dividend received (-)	3	(147,500)	(144,000)
Finance expenses (+)	4	15,355	15,820
Exchange differences (+/-)	4	(1,611)	2,291
Changes in current capital		**(32,023)**	**(21,216)**
Customers and other receivables (+/-)		(494)	(28,778)
Other current assets (+/-)		(26,931)	(2,480)
Trade and other payables (+/-)		(5,894)	11,144
Other non-current assets and liabilities (+/-)		1,296	(1,102)
Other cash flows from operating activities		**6,862**	**(6,079)**
Interest payments (-)		(10,836)	(10,207)
Dividend collection (+)		17,500	3,483
Interest collection (+)		198	645
Cash flows from operating activities		**(23,953)**	**(28,993)**
Payment for investments (-)		**(93,095)**	**(8,047)**
Group companies and associates		(88,124)	(4,971)
Intangible Assets		(4,840)	(3,029)
Property, Plant and Equipment		(131)	(47)
Collections from disposal of investments (+)		**52,994**	**130,754**
Group companies and associates		52,994	130,754
Cash flows from investing activities		**(40,101)**	**122,707**
CASH FLOWS FROM FINANCING ACTIVITIES		**(23,650)**	**(3,724)**
Collections and payments for equity instruments		**(594)**	**(1,812)**
Collections and payments for equity instruments	11	184	(2,127)
Purchases of equity instruments (-)		(778)	-
Sale of equity instruments (+)		-	315
Collections and payments for liability instruments		**71,496**	**41,048**
Issue		71,496	1,116,495
Debentures and similar securities (+)	17	7,193	594,117
Debts with credit institutions (+)		60,337	18,296
Loans to Group companies and associates (+)		-	504,082
Other payables (+)		3,966	-
Repayment and amortisation of		-	(1,075,447)
Debentures and similar securities (-)		-	(625,883)
Loans to Group companies and associates (-)		-	(449,564)
Dividends payable and remunerations from other equity instruments		**(94,552)**	**(42,960)**
Dividends (-)		(94,552)	(42,960)
Cash flows from financing activities		**(23,650)**	**(3,724)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(87,704)**	**89,990**
Cash and equivalents at the beginning of the year		89,990	-
Cash and equivalents at the end of the year		2,286	89,990

The accompanying notes form an integral part of the annual accounts for 2018

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DE DECEMBER 2018

1 General Information

Prosegur Cash, S.A., (hereinafter, the Company) is a company belonging to the Prosegur Group. It is the parent Company of a Group of companies in accordance with current legislation (hereinafter the Prosegur Cash Group). The registered offices of Prosegur Cash, S.A. are in Madrid at Calle Santa Sabina number 8, Madrid (Spain). It was incorporated on 22 February 2016 and is registered in the Mercantile Register of Madrid, in volume 34,442, page 34, section 8, page number M-619528, entry 1.

The Company is a subsidiary controlled by the Spanish company Prosegur Compañía de Seguridad, S.A. (hereinafter, Prosegur), which currently owns 51% of its shares, indirectly controlling another 21.5% via its 100%-owned investee Prosegur Assets Management, S.L.U., consolidating both the Company and its subsidiaries in its financial statements (hereinafter, Prosegur Group).

On 17 March 2017, the Company shares began trading at EUR 2 per share in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia via the Spanish Stock Exchange Interconnection System (SIBE). On 7 April 2017, the Green Shoe period of the stock market flotation ended, and the free float attained 27.5% of the share capital of Company.

The corporate purpose is described in Article 2 of its Articles of Association and it is the following:

Provision of securities logistics services and cash management, including the following activities:

1. National and international transport services (by land, sea and air) of funds and other valuables (including jewellery, artworks, precious metals, electronic devices, voting ballots, legal evidence), including collection, transport, custody and deposit services;

2. Processing and automation of cash (including counting, processing and packaging, as well as coin recycling, cash flow control and monitoring systems);

3. Comprehensive ATM solutions (including planning, loading, monitoring, first- and second-tier maintenance and balancing);

4. Cash planning and forecasting for financial institutions;

5. Self-service cash machines – smart cash (including cash deposits, recycling services and dispensing of bank notes and coins, and payment of invoices); and

6. Added-value outsourcing services (AVOS) for banks (including outsourcing of tellers, multi-agency services, cheque processing and related administrative services).

The activities comprising the corporate purpose can also be performed indirectly by the Company, by means of the shareholding in other companies of an identical or similar corporate purpose. The main activity of the Company in 2018 corresponds to that of group company holding, with its income coming from group companies, mainly relating to dividends and services.

The Company's statutory activity does not include activities expressly restricted by law to entities that comply with special requirements not met by the Company, particularly financial brokerage activities that are restricted by financial legislation governing collective investment undertakings and the securities market law and supplementary provisions applicable to collective investment undertakings.

In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to present fairly the financial position of the Group Prosegur Cash, the results of operations and changes in its equity and cash flows.

The directors prepare the consolidated annual accounts of the Group Prosegur Cash, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2018. The consolidated annual accounts were drawn up by the Board of Directors, together with these individual annual accounts, on 26 February 2018 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Companies Register of Madrid.

The consolidated annual accounts of Prosegur Cash, S.A. and its subsidiaries for 2018 present consolidated profit of EUR 167,037 thousand (EUR 304,874 thousand in 2017) and consolidated equity of EUR 237,668 thousand (EUR 263,789 thousand in 2017).

2 Basis of Presentation

a) Fair image

The annual accounts have been in accordance with mercantile legislation in force and the rules established in the General Chart of Accounts approved by Royal Decree 1514/2007, in order to reflect a true and fair image of the equity, financial situation and results of the Company, as well as the veracity of the cash flows shown in the cash flow statement.

b) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the annual accounts, in addition to the figures for financial year 2018, the annual accounts show those pertaining to the previous year, those of 2017, approved by the General Shareholders' Meeting at 28 May 2018.

c) Functional currency

The figures disclosed in the annual accounts are expressed in thousands of EUR, the presentation currency, rounded off to the nearest thousand.

d) Going concern

As of 31 December 2018, the Company has a negative working capital of EUR 268,981 thousand (EUR 284,069 thousand at 31 December 2017). As indicated in Note 1, the Company is the head of the Prosegur Cash Group, which at 31 December 2018 presented a positive working capital of EUR168,724 thousand (EUR 284,957 thousand at 31 December 2017) in the consolidated annual accounts. The Company also has the capacity to generate future cash flows via the management of its subsidiaries' dividends. Additionally, as of 31 December 2018, the Group presents a consolidated result attributable to Prosegur Cash, S.A. as Parent Company of EUR 167,037 thousand (EUR 304,874 thousand at 31 December 2017). Finally, as indicated in Notes 19 and 22 of the consolidated annual accounts of the Prosegur Cash Group, at 31 December 2018, the Group companies had available treasury of EUR 273,756 thousand and had been granted undrawn additional financing of EUR 404,624 thousand (EUR 317,777 thousand and EUR 491,917 thousand as of 31 December 2017, respectively).

Taking these facts into consideration, the Company's directors have prepared these annual accounts on the ongoing management principle.

e) Critical issues regarding the valuation and estimation of relevant uncertainties

Preparation of the annual accounts requires the Company to make certain estimates and judgements concerning the future. These are evaluated constantly and based on historical experience and other factors, including expectations of future events that are considered reasonable under certain circumstances.

Although estimates are calculated by the Company's directors based on the best information available at year end, future events may require changes to these estimates in subsequent years. Any effect on the balance sheet of adjustments to be made in subsequent years would be recognised prospectively.

The estimates and judgements that present significant risk of a material adjustment to the carrying amounts of assets and liabilities in the subsequent reporting period are as follows:

Investments in group companies

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the carrying amount of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on four year projections of the budgets approved by Management. The cash flows take into account past experience and represent Management's best estimate of future market performance. Cash flows as of four years are extrapolated using individual growth rates. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, average weighted rate of capital andtax rates.

.

3 Income and Expenses

a) Net turnover

Details of net turnover by category of activity and geographical area are as follows:

	Thousands of Euros							
	2018							
	National		Rest of Europe		Rest of the World		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Group companies and associates								
- Dividend received	147,500	144,000	-	-	-	-	147,500	144,000
- Loan interest income	1,713	1,386	620	1,184	554	255	2,887	2,825
- Provision of services	(8,095)	(12,500)	2,470	630	17,027	21,537	11,402	9,667
Total	**141,118**	**132,886**	**3,090**	**1,814**	**17,581**	**21,792**	**161,789**	**156,492**

Dividend received under this category was considered taking into account the condition of the holding company (Note 1).

In the provision of services, income and expenditure corresponding to centralised services and brand assignment services were considered, which implies that their distribution by geographical area is negative in the Country (Note 18).

b) Wages, salaries and similar charges.

The breakdown of personnel expenses in 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Salaries and wages	4,281	5,232
Social security obligations	611	564
Total	**4,892**	**5,796**

The 2017 and 2020 long-term incentive plans for Executive Director and Senior Management (Note 25.9), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2018 commitment amounting to EUR 1,852 thousand (EUR 2,082 thousand in 2017).

The breakdown of Social security obligations in 2018 and 2017 are as follows:

	Thousands of Euros	
	2018	2017
Social Security Payable by the Company	548	497
Other employee benefits expenses	63	67
Total	**611**	**564**

c) External services

The breakdown of external services in 2018 and 2017 are as follows:

The maintenance expense of the Company's software is included under Other repairs and conservation.

	Thousands of Euros	
	2018	**2017**
Leases and levies	138	139
Repairs and conservation	905	843
Independent Professional Services	5,233	5,807
Transport	20	-
Insurance premiums	214	135
Banking and similar services	92	413
Advertising, publicity and public relations	192	66
Supplies	120	84
Other services	463	29
Total	**7,377**	**7,516**

The category of Independent professional services mainly includes the expenses for services of identification and capture of business opportunities, as well as IT technical assistance.

4 Net Finance Income

The breakdown of financial income and expenses in 2018 and 2017 are as follows:

	Thousands of Euros	
	2018	**2017**
Finance income	**198**	**76**
Third parties	198	76
Finance expenses	**(15,355)**	**(15,819)**
From payables to Group companies (Note 18)	(4,519)	(5,134)
From payables to third-parties	(10,836)	(10,685)
Exchange differences	**1,611**	**(2,291)**
Net Finance Income	**(13,546)**	**(18,034)**

The item from which the exchange difference comes is as follows:

	Thousands of Euros	
	2018	**2017**
Loans to Group companies and associates	1,611	(2,291)
	1,611	**(2,291)**

5 Profit for the year

On the date these annual accounts are authorised for issue, the directors will propose to the shareholders at their general meeting that profit for the year be distributed as follows:

	Thousands of Euros	
	2018	**2017**
Basis of allocation		
Profit and losses	135,618	127,155
Total	**135,618**	**127,155**
Allocation		
Legal reserve	-	5,482
Voluntary reserves	17,568	14,273
Dividends on account	118,050	107,400
Total	**135,618**	**127,155**

The General Shareholders' Meeting of 26 April 2018 approved the application of the 2017 result, in which a dividend is paid to an ordinary account approved by virtue of the resolution of the Board of Directors in meeting on 18 December 2017, amounting to EUR 107,400 thousand, EUR 0.0716 per share, considering that the share capital at the date of the aforementioned Board of Directors was divided into 1,500 million shares. Shareholders received 40% of the approved dividend, amounting to EUR 42,690 thousand, on 27 December 27 2017. The remainder was paid in March, June and September 2018, in equal instalments of EUR 21,480 thousand each.

In meeting on 19 December 2018, the Board of Directors approved the distribution of a regular dividend on account of the profits of 2018 of EUR 0.07870 gross per share, which implies a maximum total dividend of EUR 118,050 thousand (considering that the current share capital is divided into 1,500 million shares). This dividend will be distributed to shareholders as four payments, in December 2018 and March, June and September 2019. Each payment is calculated as EUR 0.019675 per outstanding share at the payment date.

As of 31 December 2018, a debt for dividends payable in 2019 is held for EUR 88,538 thousand, which is presented in current liabilities in other accounts payable under the heading of suppliers and other financial liabilities for an amount of EUR 24,348 thousand and in the heading of payables to group companies and associates for EUR 64,190 thousand.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed as dividends out the maximum total agreed for the year 2018 is reflected in "Other operations with own stocks or shares" of the statement of changes in equity for an amount of EUR 64 thousand.

The provisional accounting statement presented by the Board of Directors in accordance with the legal requirements that evidenced the lack of sufficient liquidity to pay the aforementioned interim dividend is set forth below:

	Thousands of Euros
	2018
1. Initial cash on hand (before the interim dividend)	13,732
2. Group current bank account balances	(150,198)
3. Proceeds Pending	514
4. Proceeds through Financial Transactions	300,000
5. Payments for Current Operations	(4,899)
6. Payments for Financial Operations	(7,497)
7. Extraordinary Payments	(1,948)
Forecast Cash	**149,704**
Less dividend payments according to the proposal	**(118,050)**
Final cash after dividends	**31,654**

6 Intangible Assets

The composition and movements in the accounts of intangible fixed assets were as follows:

	Thousands of Euros			
	Licences	**Computer software**	**Other Intangible assets**	**Total**
Cost				
Balance at 1 January 2017	**1,576**	**4,355**	**1,891**	**7,822**
New Additions	347	215	2,467	3,029
Write offs	-	(2)	(5)	(7)
Transfers	-	130	(130)	-
Balance at 31 December 2017	**1,923**	**4,698**	**4,223**	**10,844**
New additions	411	420	2,176	3,007
Transfers	-	2,244	(2,244)	-
Balance at 31 December 2018	**2,334**	**7,362**	**4,155**	**13,851**
Depreciation and amortisation				
Balance at 1 January 2017	**(107)**	**(586)**	**-**	**(693)**
Amortisation for the year	(399)	(1,771)	(340)	(2,510)
Balance at 31 December 2017	**(506)**	**(2,357)**	**(340)**	**(3,203)**
Amortisation for the year	(280)	(2,080)	(375)	(2,735)
Balance at 31 December 2018	**(786)**	**(4,437)**	**(715)**	**(5,938)**
Carrying amount				
At 31 December 2017	**1,417**	**2,341**	**3,883**	**7,641**
At 31 December 2018	**1,548**	**2,925**	**3,440**	**7,913**

a) Description of the main movements

The most significant additions and transfers of intangible fixed assets in 2018 correspond to the addition of computer applications such as PR5345 BPM Mortgage Flow Developments Project for AVOS for EUR 328 thousand, PR5125 DEVICE MANAGER Development for EUR 302 thousand, PR5488 My Agenda Project for EUR 294 thousand, PR5126 Evolutionary GAP for EUR 266 thousand, PR5135 Evolutionary 17 SWITCHING Date Value for EUR 259 thousand, PR5209 QA CASH Evolutionary Project for EUR 124 thousand, the remaining additions correspond to the development of applications or projects and their implementation amounting to EUR 1,091 thousand.

Also in the intangible fixed assets we can mention the additions in 2018 of AXWAY Licences for WUR 234 thousand, INTELLIMATCH Tool licences for EUR 100 thousand, CORPOINT DEPOSIT MANAGER licence for EUR 65; the rest correspond to the addition of Digital Certificates and Microsoft Licences for EUR 11 thousand.

The most significant additions to intangible fixed assets in progress correspond entirely to DTI computer applications and IT development projects, of which we can mention PR5489 Switching-Value Date for EUR 330 thousand, PR5487 Integration CASH devices for EUR 320 thousand, PR5485 Evolutionary GAP Project for EUR 303 thousand, PR5484 Evolutionary DEVICE MANAGER for EUR 276 thousand, PR5823 Business Flows for the INNOVACION platform for EUR 175 thousand, PR5966 Cash Centres-Development module Treasury Balances for EUR 150 thousand and PR5518 QA CASH Evolutionary Project for EUR 149 thousand.

There are no significant write-offs of property, plant and equipment in 2018.

The most significant additions and transfers of intangible fixed assets in 2017 corresponded to the addition of computer applications, such as EVOL-SIP2000 CASH-Release 2017 for EUR 111 thousand, Evolutivo-LVGE for EUR 179 thousand and PRY-AVOS-Web Productivity Development project for EUR 20 thousand. The remaining additions corresponded to the development of applications or projects and their implementation. The main ones of 2017 were the Active Matrix BPM licence for EUR 220 thousand, and the Corpoint Deposit Manager licence for EUR 80 thousand. The remaining correspond to Digital Certificates and Microsoft Licences for EUR 46 thousand.

The most significant additions in the other intangible fixed assets in progress corresponded entirely to applications and IT development projects, of which we can mention GAP Application Evolutionary Development Maintenance for EUR 302 thousand, BPM Mortgage Flows Development Project for AVOS for EUR 328 thousand, GAP Evolutionary Project for EUR 266 thousand, 17 Switching Value Date Evolutionary Project for EUR 145 thousand and QA CASH Evolutionary Project for EUR 124 thousand.

b) Licences

Details of licences at year end are as follows:

			Thousands of Euros			
			2018			
Description and operation	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Licences - Software	2017	1 years	-	172	172	-
Licences - Software	2018	1 years	33	97	86	11
Licences - Software	2027	10 years	12	56	30	26
Licences - Software	2028	10 years	36	220	87	133
Licences - Software	2019	10 years	120	825	287	538
Licences - Software	2030	10 years	21	206	50	156
Licences - Software	2031	10 years	34	347	50	297
Licences - Software	2027	10 years	24	411	24	387
			280	**2,334**	**786**	**1,548**

			Thousands of Euros			
			2017			
Description and operation	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Licences - Software	2017	1 years	158	172	158	14
Licences - Software	2018	1 years	2	2	52	(50)
Licences - Software	2027	10 years	37	97	18	79
Licences - Software	2028	10 years	12	57	51	6
Licences - Software	2019	10 years	36	219	165	54
Licences - Software	2030	10 years	119	822	46	776
Licences - Software	2031	10 years	21	209	16	193
Licences - Software	2027	10 years	14	345	-	345
			399	**1,923**	**506**	**1,417**

c) Fully amortised intangible assets

The intangible assets fully amortised as of31 December 2018 are the following:

	Thousands of Euros	
	2018	**2017**
Computer software	1,036	-
Licences	196	-
Other intangible assets	421	-
	1,653	-

d) Other disclosures

During 2018, there were no intangible asset acquisitions from group companies and in 2017 there were no others other than those indicated in point a) above.

At 31 December 2018 and 2017 the Company has no intangible fixed assets subject to title restrictions or pledged as security for liabilities.

7 Property, Plant and Equipment

The composition and movements of the accounts of property, plant and equipment were as follows:

	Thousands of Euros			
	Technical installations and machinery	Other install., equipment and furniture	Other property, plant and equipment	Total
Cost				
Balance at 1 January 2017	**7**	**21**	**258**	**286**
New Additions	22	4	21	47
Balance at 31 December 2017	**29**	**25**	**279**	**333**
New additions	53	64	15	132
Balance at 31 December 2018	**82**	**89**	**294**	**465**
Depreciation and amortisation				
Balance at 1 January 2017	**-**	**(1)**	**(30)**	**(31)**
Depreciation and amortisation	(3)	(3)	(80)	(86)
Balance at 31 December 2017	**(3)**	**(4)**	**(110)**	**(117)**
Depreciation and amortisation	(9)	(7)	(77)	(93)
Balance at 31 December 2018	**(12)**	**(11)**	**(187)**	**(210)**
Carrying amount				
At 31 December 2017	**26**	**21**	**169**	**216**
At 31 December 2018	**70**	**78**	**107**	**255**

a) Description of the main movements

The most significant additions of property, plant and equipment in 2018 correspond to Glory machinery, SDM-100 cash deposit for EUR 53 thousand, Addition of installations in the Doctor Esquerdo Building for EUR 64 thousand and the addition of information and telephony processing equipment for EUR 15 thousand.

There are no write-offs in property, plant and equipment in 2018

The most significant additions of property, plant and equipment in 2017 corresponded to a smart cash for EUR 22 thousand and computer equipment for EUR 20 thousand.

b) Fully depreciated property, plant and equipment

The items of property, plant and equipment fully depreciated as 31 December 2018 are as follows:

	2018	2017
Technical installations and machinery	1	-
Other property, plant and equipment	48	-
	49	**-**

c) Other disclosures

In 2018, there were no property, plant and equipment purchases from group companies and in 2017 there were none from group companies.

At 31 December 2018 and 2017 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

8 Long-term investments in equity instruments of Group companies, jointly controlled companies and associates

Details of the movements in investments in group companies, jointly controlled companies and associates are as follows:

	Thousands of Euros
	Non-current
Balance at 1 January 2017	940,545
Balance at 31 December 2017	**940,545**
Balance at 31 December 2018	**940,545**

Investments in group companies as of 31 December 2018 and 2017 include direct investments in the share capital of the following companies:

	Thousands of Euros	
Company	**2018**	**2017**
Prosegur Global CIT, S.L.U.	763,904	763,904
Prosegur Global CIT ROW, S.L.U.	176,641	176,641
Cía Transportadora de Valores Prosegur Colombia, S.A.	-	-
	940,545	**940,545**

From the incorporation of the Company and until the date of the Balance Sheet on 31 December 2018 the following operations were carried out:

a) New Additions

During the 2018, the operations were as follows:

Cía Transportadora de Valores Prosegur Colombia, S.A.

On 10 May 2018 the Company participated in the capital increase of the Colombian Cía Transportadora de Valores Prosegur Colombia, S.A. for EUR 0.04.

On 23 July 2018 the Company participated in the capital increase of the Colombian Cía Transportadora de Valores Prosegur Colombia, S.A. for EUR 0.02.

In 2017, the operations were as follows:

Cía Transportadora de Valores Prosegur Colombia, S.A.

On 20 November 2017 the Company subscribed the capital increase of the Colombian Cía Transportadora de Valores Prosegur Colombia, S.A. for EUR 0.09.

The following is a brief description of the contributions that these companies have received, as well as the investments they have made since their creation:

Prosegur Global CIT, S.L.U.:

- On 23 January 2015, Prosegur Compañía de Seguridad, S.A., the parent company of the Prosegur Group, formed the Spanish Prosegur Global CIT, S.L.U. with a capital of EUR 3 thousand, paid in full. This company subsequently received the following capital contributions, and made the following investments:

  - ✓ On 31 July 2015, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 78.07% of the shares of the Chilean company Capacitaciones Ocupacionales Sociedad, Ltda., amounting to EUR 192 thousand, from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 13 November 2015, Prosegur Global CIT, S.L.U. purchased 52.92% of the Brazilian TSR Participaçoes Societarias, S.A., for EUR 120,612 thousand from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 15 February 2016 Prosegur Global CIT, S.L.U. purchased, 55.09% of the shares of the Mexican company Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V., for MXN 7,060 thousand (equivalent to EUR 335 thousand) and 100% of the Mexican company Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V., for MXN 5,253 thousand (equivalent to EUR 249 thousand), from the company Prosegur Compañía México, S. de R.L. de C.V.

  - ✓ On 29 February 2016 Prosegur Global CIT, S.L.U. received the non-monetary contribution of 44.96% of the shares of the Mexican Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. For EUR one, from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 18 April 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 5% of the shares of the Spanish Armor Acquisition, S.A., for EUR 22,103 thousand, from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 29 April 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 80% of the shares of the Mexican Grupo Tratamiento y Gestión de Valores SAPI de CV, amounting to EUR 419 thousand, from Prosegur Compañía de Seguridad, S.A.

  - ✓ On 21 July 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 94.90% of the shares of the Transportadora de Valores Prosegur de Colombia, S.A., for EUR 24,704 thousand, and 99.98% of the shares of the Chilean Servicios Prosegur Ltda , amounting to EUR 50,310 thousand, from Prosegur Compañía de Seguridad, S.A.

  - ✓ On 26 July 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 100% of the shares of the Dutch Malcoff Holdings, B.V., amounting to EUR 610,558 thousand, from Prosegur Compañía de Seguridad, S.A.

Prosegur Global CIT ROW, S.L.U.:

- On 8 May 2015 Prosegur Compañía de Seguridad, S.A., the parent company of the Prosegur Group, brought in the Spanish Prosegur Global CIT ROW, S.L.U. with a capital of EUR 3 thousand, paid in full. This company subsequently received the following capital contributions, and made the following investments:

  - ✓ On November 16, 2015, Prosegur Compañía de Seguridad, S.A underwent a capital increase through the contribution of 100% of the shares of the Spanish Prosegur Servicios de Efectivo España, S.L.U., for EUR 64,093 thousand.

  - ✓ On 30 November 2015, Prosegur Compañía de Seguridad, S.A. underwent a capital increase through the contribution of 100% of the shares of the French Prosegur Participations SAS (formerly Sazias SA), for EUR 31,792 thousand.

  - ✓ On 25 February 2016, Prosegur Compañía de Seguridad, S.A. underwent a capital increase through the contribution of 100% of the shares of the German Prosegur GmbH, for EUR 50,808 thousand.

- ✓ On 25 April 2016, Prosegur Global CIT ROW, S.L.U. purchased 33% of the shares of the South African SBV Services Proprietary Limited, for EUR 19,063 thousand from Prosegur Compañía de Seguridad, S.A.
- ✓ On 6 May 2016, Prosegur Compañía de Seguridad, S.A. underwent a capital increase through the contribution of 100% of the shares of the Portuguese Prosegur Logistica e Tratamiento de Valores Portugal S.A., for EUR 14,246 thousand, and 100% of the Spanish Prosegur AVOS España, S.L., for EUR two.
- ✓ On 9 May 2016, Prosegur Global CIT ROW, S.L.U. purchased 100% of the Australian Prosegur Australia Holdings Pty Limited, for SGD 104,592 thousand (equivalent to EUR 68,311 thousand) from Singpai Pte, Ltd.

b) Write offs

There have been no decreases in investments in group, multi-group and associated companies during the years 2018 and 2017.

c) Impairment

The Company annually evaluates the existence of indicators of impairment of the stakes in group companies and estimates the recoverable value at the closing date of those entities for which there are signs of impairment. The impairment indicator was calculated by comparing the net book value of the stake with the net worth of the investee and the recoverable value of the entities with an impairment indicator was determined considering its value in use for the Cash and Surveillance businesses and based on the fair value for the companies of the alarm business. Based on the analysis made, there was no valuation adjustment for investment impairment in the year. In the 2018 y 2017 financial years no value adjustments were made for investment impairment in group, multi-group and associated companies.

d) Investments in Group companies

Below is the information relating to shares held in Group companies as of 31 December 2018 and 2017:

Name	Registered offices	Business	Shareholding
Prosegur Global CIT, S.L.U.	C/ Pajaritos, 24, Madrid - Spain	Activity linked to the Cash business line	100%
Prosegur Global CIT ROW, S.L.U.	C/ Pajaritos, 24, Madrid - Spain	Activity linked to the Cash business line	100%
Cía Transportadora de Valores Prosegur Colombia, S.A.	Avda. de las Américas, 42-25 Bogotá (Colombia)	Activity linked to the Cash business line	0,0000005%

The breakdown of the shareholders' equity as of 31 December 2018 of the unaudited investments in group companies in which the Company holds 100% of the share capital is as follows:

(Expressed in thousands of EUR)	Share capital	Share premium	Reserves	Profit for the year	Dividend on account
Prosegur Global CIT, S.L.U.	3	708,286	148,831	152,866	(130,000)
Prosegur Global CIT ROW, S.L.U.	3	180,002	4,802	40,464	(17,500)

The breakdown of the shareholders' equity as of 31 December 2017 of the unaudited investments in group companies in which the Company holds 100% of the share capital is as follows:

	Share capital	Share premium	Reserves	Profit for the year	Dividend on account
Prosegur Global CIT, S.L.U.	3	708,286	124,447	168,384	(144,000)
Prosegur Global CIT ROW, S.L.U.	3	180,002	2,633	2,169	-

9 Financial assets by category

Classification of the financial assets by categories

	Thousands of Euros		Thousands of Euros	
	2018		**2017**	
	Current		**Current**	
	At amortised cost or cost		**At amortised cost or cost**	
	Carrying amount	**Total**	**Carrying amount**	**Total**
Loans and receivables				
Loans to Group companies (Note 18)	267,700	267,700	252,519	252,519
Other financial assets (Note 18)	20,883	20,883	8,580	8,580
Clients, Group companies and associates (Note 18)	18,125	18,125	27,876	27,876
Personnel	5	5	12	12
Sundry Debtors	497	497	97	97
Total financial assets	**307,210**	**307,210**	**289,084**	**289,084**

The carrying amount of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

10 Financial investments and commercial debtors

a) Classification by maturities

The classification of financial assets by maturities is as follows:

	Thousands of Euros	
	2018	**2017**
Investments in Group		
Loans to companies	267,700	252,519
Other financial assets	20,883	8,580
	288,583	**261,099**
Trade and other receivables		
Clients, Group companies and associates	18,125	27,876
Personnel	5	12
Sundry Debtors	497	97
	18,627	**27,985**
Total	**307,210**	**289,084**

b) Other information on financial assets

Loans to companies

The breakdown of the main characteristics of the loans as of 31 December 2018 is as follows:

2018

Type	Currency	Interest rate	Maturity date	Thousands of Euros Par value	Carrying amount Current
Group and associates					
MIV Gestion, S.A.	EUR	0.75%	31/12/2018	830	830
Prosegur Global CIT, S.L.U	EUR	0.75%	31/12/2018	126,860	126,860
Prosegur Colombia 3, S.L.	EUR	0.75%	31/12/2018	93	93
Prosegur Avos España, S.L.	EUR	0.75%	31/12/2018	31,071	31,071
Prosegur International CIT 1, S.L.U.	EUR	0.75%	31/12/2018	873	873
Inversiones CIT 2, S.L.U.	EUR	0.75%	31/12/2018	5,090	5,090
Prosegur Global CIT ROW, S.L.U.	EUR	0.75%	31/12/2018	47,105	47,105
Prosegur Colombia 2, S.L.	EUR	0.75%	31/12/2018	4,866	4,866
Prosegur Cash Holding France, SAS	EUR	3.25%	31/12/2018	14,344	14,344
Luxpai CIT SARL	EUR	1.00%	31/12/2018	450	450
Prosegur Transportadora de Caudales SA	Uruguayan Peso	5.00%	31/12/2018	2,944	2,944
Prosegur Seguridad Privada Logistica Y Gestion de Efectivo UO	Mexican Peso	7.25%	31/12/2018	48	48
Prosegur Australia Investments	Australian dollar	3.50%	31/12/2018	17,115	17,115
Prosegur Cash Services Germany GMBH	EUR	0.75%	31/12/2018	11,146	11,146
Prosegur Colombia 1 SLU	EUR	0.75%	31/12/2018	4,865	4,865
Total				**267,700**	**267,700**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 18)

The breakdown of the main characteristics of the loans as of 31 December 2017 is as follows:

2017

Type	Currency	Interest rate	Maturity date	Thousands of Euros Par value	Carrying amount Current
Group and associates					
Prosegur Transportadora de Caudales SA (*)	Uruguayan Peso	3.75%	31/12/2018	2,817	2,817
Compañia de Seguridad Prosegur SA (*)	Peruvian Nuevo Sol	2.75%	31/12/2018	12,810	12,810
Prosegur Cash Services Germany GmbH (*)	EUR	0.75%	31/12/2018	10,027	10,027
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV (*)	Mexican Peso	7.25%	31/12/2018	42	42
Prosegur Cash Holding France SAS (*)	EUR	6.25%	31/12/2018	6,251	6,251
Prosegur Global CIT, S.L.U. (*)	EUR	0.75%	31/12/2018	119,766	119,766
Prosegur Global CIT ROW, S.L.U. (*)	EUR	0.75%	31/12/2018	68,611	68,611
Prosegur BPO España, S.L.U. (*)	EUR	0.75%	31/12/2018	8,722	8,722
Luxpai CIT SARL	EUR	1.00%	31/12/2018	16,946	16,946
Prosegur Australia Investments PTY Limited	Australian dollar	1.00%	31/12/2018	19,549	6,527
Total				**265,541**	**252,519**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 18)

The credits correspond, on the one hand, to short-term loans delivered to group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing an annual interest rate of 0.75% (0.75% in 2017), according to market rate. We also found short-term loans granted to subsidiaries in Luxembourg and Australia denominated in EUR and local currency, respectively, accruing an annual interest rate of 1% (1% in 2017), according to market rate. Likewise during the year, short-term loans were granted to subsidiaries in Uruguay, Peru and Mexico, all denominated in local currency and with annual interest rates of 3.75%, 2.75% and 7.25%, respectively.

<u>Other financial assets</u>

Under this heading are the balances for the current accounts held with the different group companies that include the payments and collections of the amounts to be paid/charged for the different services received/provided or other operations performed.

11 Cash and cash equivalents

Details of cash and cash equivalents at 31 December 2018 and 2017, are as follows:

	Thousands of Euros	
	2018	**2017**
Cash and other Cash Equivalents	2,286	89,990
Total	**2,286**	**89,990**

Cash in hand and at banks essentially reflects cash at banks at each year end.

12 Net equity

a) Share capital

The Company was constituted by Prosegur Compañía de Seguridad, S.A. On 22 February 2016. The share capital of the Company was EUR three thousand, represented by 3,000 shares of EUR one par value each. The shareholdings were fully paid by Prosegur Compañía de Seguridad, S.A. through a monetary contribution.

The Company, by virtue of the agreement reached by the Sole Shareholder on 6 May 2016, increased its share capital by EUR one by issuing 1 new share of EUR one par value through a non-monetary contribution of 100% of the shares of the Spanish Prosegur Global CIT ROW, S.L.U.. This capital increase was created with a total share premium of EUR 176,641 thousand.

Also by virtue of what was agreed upon by the Sole Shareholder on 26 July 2016, the Company increased its share capital by EUR 29,996,999 through the issuance of 29,996,999 new shares with a par value of EUR one, via a non-monetary contribution of 100% of the shares of the Spanish Prosegur Global CIT, S.L.U. This capital increase was made with a total share premium of EUR 733,907 thousand.

On 21 September 2016, the Sole Shareholder agreed to turn the Company into a public limited company and replace the 30,000,000 participations with a par value of EUR one each for 300,000,000 new nominative shares with a par value of EUR 0.10 each, all of the new shares being attributed to Prosegur Compañía de Seguridad, S.A.

On 30 November 2016 Prosegur Compañía de Seguridad, S.A. underwent a capital increase of the Spanish company Prosegur Assets Management, S.L.U. through the contribution of 49% of the shares of Prosegur Cash, S.A.

On 19 December 2016, the Shareholders' Meeting of the Company agreed to split each share of EUR 0.10 of par value into 5 shares of EUR 0.02 of par value, in such a way that the share capital became divided into 1,500,000,000 shares of EUR 0.02 of par value each. Likewise, it was agreed to transform the representation system of the Company shares from registered securities into book entries.

At 31 31 December 2018 and 2017,, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 30,000 thousand and is represented by 1,500,000,000 shares with a par value of EUR 0.02 each, fully subscribed and paid. These shares are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Markets and are traded via the Spanish Stock Market Interconnection System (electronic trading system) (SIBE).

These shares are freely transferable.

Details of the Company's shareholders are as follows:

Shareholders	Number of shares 31/12/2018	2018
Ms Helena Revoredo Delvecchio [1]	1,087,500,000	72.50%
OppenheimerFunds, Inc [2]	74,880,000	4.99%
FMR LLC [2]	99,675,000	6.65%
Others	237,945,000	15.86%
Total	**1,500,000,000**	**100.00%**

[1] *Investment through Prosegur Compañía de Seguridad, S.A.*
[2] *Investment through various managed funds.*

b) Own shares and equity holdings

On 7 July 2017, coming into force on 11 July of the same year, the Company entered into a liquidity contract to favour share liquidity. Said agreement is in force as of 31 December 2018, the date on which Prosegur Cash, S.A.'s treasury stock amounted to 1,057,307 shares (787,474 shares in 2017), of which 602,496 (295,789 in 2017) are linked to the liquidity contract.

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

	Number of shares	Thousands of Euros
Balance at 31 December 2017	**787,474**	**2,127**
Purchase of own shares	11,567,356	24,365
Sale of own shares	(11,260,649)	(24,454)
Other awards	(36,874)	(95)
Balance at 31 December 2018	**1,057,307**	**1,943**

Prosegur Cash holds 0.07% (0.05% in 2017) of treasury stock deemed strategic to satisfy possible future corporate transactions.

13 Financial liabilities by category

a) Classification of financial liabilities by category

The classification of financial liabilities by categories and classes, as well as the comparison of fair value and carrying amount is as follows:

	Thousands of Euros					
	2018					
	At amortised cost or cost					
	Bonds and other marketable securities	**Debts with credit institutions**	**Payables to Group companies**	**Trade and other payables**	**Other financial liabilities**	**Total**
Non-currents						
Debts and payables (Note 14)	592,438	16,803	-	-	-	609,241
	592,438	**16,803**	**-**	**-**	**-**	**609,241**
Current						
Debts and payables (Note 14)	8,872	61,830	474,998	12,004	24,348	582,052
Total	**601,310**	**78,633**	**474,998**	**12,004**	**24,348**	**1,191,293**

	Thousands of					
	2017					
	At amortised cost or cost					
	Bonds and other marketable	**Debts with credit institutions**	**Payables to Group companies**	**Trade and other payables**	**Other financial liabilities**	**Total**
Non-currents						
Debts and payables (Note 14)	594,117	18,171	-	-	-	612,288
	594,117	**18,171**	**-**	**-**	**-**	**612,288**
Current						
Debts and payables (Note 14)	-	125	628,233	16,978	20,382	665,718
	-	**125**	**628,233**	**16,978**	**20,382**	**665,718**
Total	**594,117**	**18,296**	**628,233**	**16,978**	**20,382**	**1,278,006**

Bonds and other marketable securities

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

The carrying amount of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

14 Financial debts and commercial creditors

a) Debts with credit institutions

The current and non-current debts with credit institutions at 31 December 2018 are the following:

				Thousands of Euros
2018				
Type	**Interest rate**	**Maturity**	**Par value**	**Outstanding debt at 31/12/2018**
Loans and borrowings	Jibar+margin	29/01/2020	18,296	16,969
Loans and borrowings	Eur+margin	27/02/2019	15,000	15,000
Loans and borrowings	Eur+margin	22/03/2019	15,000	15,000
Loans and borrowings	Eur+margin	14/09/2019	15,000	15,000
Loans and borrowings	Eur+margin	27/03/2019	15,000	15,000
Loan agreement	Eur+margin	28/04/2019	10,000	1,615
Loan agreement	Eur+margin	15/10/2019	15,000	10
Loan agreement	Eur+margin	31/07/2019	3,000	3
Loan agreement	Eur+margin	29/06/2019	5,000	5
Loan agreement	Eur+margin	10/05/2019	10,000	23
Loan agreement	Eur+margin	10/12/2019	5,000	8
Loan agreement	Eur+margin	25/05/2019	5,000	-
Loan agreement	Eur+margin	30/12/2019	5,000	-
Total				**78,633**

The current and non-current debts with credit institutions at 31 December 2017 are the following:

				Thousands of Euros
2017				
Type	**Interest rate**	**Maturity**	**Par value**	**Outstanding debt at 31/12/2017**
Syndicated loan	Eur+margin	10/02/2022	300,000	-
Loan agreement	Eur+margin	30/04/2019	15,000	-
Loans and borrowings	Jibar+margin	29/01/2020	18,296	18,296
Loan agreement	Eur+margin	28/04/2018	10,000	-
Loan agreement	Eur+margin	15/04/2018	15,000	-
Loan agreement	Eur+margin	31/07/2018	3,000	-
Loan agreement	Eur+margin	29/06/2018	5,000	-
Loan agreement	Eur+margin	10/02/2018	10,000	-
Loan agreement	Eur+margin	21/09/2018	5,000	-
Loan agreement	Eur+margin	25/05/2018	5,000	-
Loan agreement	Eur+margin	30/10/2018	5,000	-
Total				**18,296**

Syndicated Loan

On 10 February 2017, Prosegur Cash, S.A. arranged a new five-year syndicated credit financing facility of EUR 300,000 thousand to afford the company long-term liquidity. At 31 December 2018, no amount of this credit facility has been drawn down.

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

Additionally, this financing 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 has the following obligatory covenant ratios:

- The net financial debt/EBITDA ratio should be less than 3.5.
- The EBITDA/finance costs ratio should be higher than 5.

b) Payables to Group companies

The breakdown of the main characteristics of the debts as of 31 December 2018 is as follows (Note 18):

				Thousands of Euros	
Type	**Currency**	**Interest rate**	**Maturity**	**Par value**	**Current**
Loans with group companies					
Transportadora de Caudales Juncadella S.A.	EUR	0.75%	31/12/2019	1,500	1,500
BIP Serviços de Vigilancia Patrimonial Ltda	EUR	0.75%	31/12/2019	11,956	11,956
Compañia de Seguridad Prosegur S.A.	EUR	2.50%	31/12/2019	1,480	1,480
Prosegur Servicios de Efectivo España S.L.U.	EUR	0.75%	31/12/2019	8,119	8,119
Armor Acquisition S.A.	EUR	0.75%	31/12/2019	70,050	70,050
Juncadella Prosegur Internacional, S.A.	EUR	0.75%	31/12/2019	301,144	301,144
Contesta Teleservicios S.A.	EUR	0.75%	31/12/2019	1,189	1,189
Integrum 2008 S.L.U.	EUR	0.75%	31/12/2019	553	553
Bloggers Broker S.L.	EUR	0.75%	31/12/2019	300	300
Contesta Servicios Auxiliares S.L.	EUR	0.75%	31/12/2019	715	715
Prosegur Servicios de Pago EP SLU	EUR	0.75%	31/12/2019	2	2
Prosegur Internationale Handels GmbH	EUR	0.75%	31/12/2019	2,526	2,526
Empresa de Transportes Cia de Seguridad Chile Ltda	EUR	3.75%	31/12/2019	8,594	8,594
Pitco Reinsurance SA	EUR	0.75%	31/12/2019	2,341	2,341
					410,469
Other financial liabilities					
Prosegur Servicios de Efectivo España, S.L.U. (**)	EUR		31/12/2019	28	28
Armor Acquisition, S.A. (**)	EUR		31/12/2019	47	47
Juncadella Prosegur Internacional, S.A. (**)	EUR		31/12/2019	237	237
Contesta teleservicios SAU (**)	EUR		31/12/2019	11	11
Prosegur Compañía de Seguridad S.A. (**)	EUR		31/12/2019	16	17
					340
Short-term payables to Group companies and associates					
Prosegur Compañía de Seguridad S.A.	EUR			45,154	45,154
Prosegur Asset Management S.A.	EUR			19,035	19,035
					64,189
Total					**474,998**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 23)
(**) Balance corresponding to the current account held with the Company

The breakdown of the main characteristics of the debts as of 31 December 2017 is as follows (Note 18):

				Thousands of Euros	
Type	**Currency**	**Interest rate**	**Maturity**	**Par value**	**Current**
Loans with group companies					
Prosegur Compañía de Seguridad S.A.	EUR	0.75%	31/12/2018	32,864	32,864
Prosegur Asset Management S.A.	EUR	0.75%	31/12/2018	13,855	13,855
Compañía de Seguridad Prosegur, S.A.	EUR	2.75%	31/12/2018	1	1
Transportadora de Caudales Juncadella	EUR	1.00%	31/12/2018	158,203	158,203
Prosegur Servicios de Efectivo España, S.L.U. (*)	EUR	0.75%	31/12/2018	47,613	47,613
Juncadella Prosegur Internacional, S.A. (*)	EUR	0.75%	31/12/2018	263,705	263,705
Armor Acquisition, S.A. (*)	EUR	0.75%	31/12/2018	66,996	66,996
Empresa de Transportes Cia de Seguridad Chile Ltda	EUR	3.75%	31/12/2018	13,497	13,497
Prosegur Internationale Handels GmbH	EUR	0.75%	31/12/2018	1,693	1,693
Pitco Reinsurance, S.A.	EUR	0.75%	31/12/2018	20,480	20,480
MIV Gestión	EUR	0.75%	31/12/2018	630	630
Prosegur Berlin S.L.	EUR	0.75%	31/12/2018	7	7
Prosegur Internacional CIT 1 SLU	EUR	0.75%	31/12/2018	9	9
Prosegur Internacional CIT 2 SLU	EUR	0.75%	31/12/2018	4	4
Prosegur Logistica e Tratamento de Valores Portugal, S.A.	EUR	0.75%	31/12/2018	1,014	1,014
					620,571
Other financial liabilities					
Prosegur Compañía de Seguridad S.A.			31/12/2018	587	587
Prosegur Servicios de Efectivo España, S.L.U. (**)			31/12/2018	335	335
Juncadella Prosegur Internacional, S.A. (**)			31/12/2018	6,233	6,233
Armor Acquisition, S.A. (**)			31/12/2018	507	507
					7,662
Total					**628,233**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 23)
(**) Balance corresponding to the current account held with the Company

Under the heading of loans with group companies we find, on the one hand, short-term loans received from group companies within the framework of the centralised treasury management, denominated in EUR and accruing an annual interest rate of 0.75% (0.75% in 2017), according to market rate. We also found short-term loans granted by subsidiaries in Chile, Germany, Luxembourg, Peru and Portugal, denominated in EUR and accruing an annual interest rate of 0.75% (0.75% in 2017), for all countries except Chile, where the interest rate is 3.75% (3.75% in 2017) and Peru, with an annual interest rate of 2.75%, according to market rates.

c) Trade payables

The breakdown of balances with commercial creditors is as follows:

	Thousands of Euros	
	2018	**2017**
Current		
Suppliers, Group companies and associates (Note 18)	4,578	8,087
Sundry accounts payable	4,736	3,661
Personnel (salaries payable)	2,690	5,230
Total	**12,004**	**16,978**

The Personnel section (salaries payable) includes the accrued incentive, payable in cash, corresponding to the 2017 and the 2020 Plans, for EUR 1,392 thousand (EUR 2,082 thousand in 2017) (Note 25.9).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur and Prosegur Cash share quotation price at the close of the period or at the payment time.

d) Classification by maturities

The classification of financial liabilities by maturities at 31 December 2018 is as follows:

	Thousands of Euros					
	2018					
	Financial liabilities					
	2019	**2020**	**2021**	**2022**	**Subsequent years**	**Total**
Debts with credit institutions	61,830	16,803	-	-	-	**78,633**
Bonds and other marketable securities	8,872	-	-	-	592,438	**601,310**
Other financial liabilities	24,348	-	-	-	-	**24,348**
Payables to Group companies (Note 18)	474,998	-	-	-	-	**474,998**
Trade and other payables	-	-	-	-	-	**-**
Suppliers, Group companies and associates (Note 18)	4,578	-	-	-	-	**4,578**
Sundry accounts payable	4,736	-	-	-	-	**4,736**
Personnel (salaries payable)	2,690	-	-	-	-	**2,690**
Total	**582,052**	**16,803**	**-**	**-**	**592,438**	**1,191,293**

The classification of financial liabilities by maturities at 31 December 2017 is as follows:

	Thousands of Euros					
	2017					
	Financial liabilities					
	2018	**2019**	**2020**	**2021**	**Subsequent years**	**Total**
Debts with credit institutions	125	-	18,171	-	-	**18,296**
Bonds and other marketable securities	-	-	594,117	-	-	**594,117**
Other financial liabilities	20,382	-	-	-	-	**20,382**
Loans to Group companies and associates	628,233	-	-	-	-	**628,233**
Trade and other payables	-	-	-	-	-	
Suppliers, Group companies and associates	8,087	-	-	-	-	**8,087**
Sundry accounts payable	3,661	-	-	-	-	**3,661**
Personnel (salaries payable)	5,230	-	-	-	-	**5,230**
Total	**665,718**	**-**	**612,288**	**-**	**-**	**1,278,006**

e) Deferred payments to suppliers. Third additional provision. “Reporting Requirement”, of Act 15/2010 of 5 July 2010

The information required by the “Reporting Requirement”, third additional provision of Act 15/2010 of 5 July 2010 (modified through the Final Provision Two of Act 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the information to be included in the annual accounts report in relation to the average period of payment to suppliers in commercial operations is detailed below.

	2018	2017
	Days	
Average payment period to suppliers	52	49
Ratio of transactions paid	53	50
Ratio of transactions pending payment	46	46
	Amount	
	Thousands of Euros	
Total payments made	11,462	9,788
Total payments pending	1,962	1,693

For the exclusive purposes of providing the disclosures envisaged in this Resolution, suppliers are deemed as commercial creditors holding debts for the supply of goods or services, included under Suppliers and other payables of current liabilities of the balance sheet.
“Average payment period to suppliers" is understood as the period between the delivery of the goods or the rendering of the services by the supplier and the material payment of the transaction.

The maximum legal term of payment applicable to the companies in 2018, according to Act 11/2013, of 26 December, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

15 Taxation

a) Details of balances with public entities are as follows:

	Thousands of Euros			
	2018		2017	
	No current	Current	No current	Current
Assets				
Deferred tax assets	925	-	1,102	-
Value added tax and similar liabilities	-	4,742	-	4,641
	925	**4,742**	**1,102**	**4,641**
Liabilities				
Deferred tax liabilities		-	1	-
Social Security	-	69	-	69
Withholdings	-	1,718	-	2,638
		1,787	**1**	**2,707**

Prosegur Compañía de Seguridad, S.A.,the majority shareholder of the Company, is the parent company of a group that is taxed Corporate Income Tax under the fiscal consolidation regime in Spain. As well as Prosegur Compañía de Seguridad, S.A. as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Pursuant to tax legislation in force for 2016 and following years, the Company’s tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset.

On 27 November 2013, the Official State Gazette (BOE) published the modifications to the Corporate Income Tax Act, which establishes, among other aspects, the reduction over two years of the general Corporate Income Tax rate, which, as of 1 January 2016 was at 25%.

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

Income tax

The reconciliation of the accounting result and the corporate income tax carry forward is as follows:

	Thousands of Euros	
	2018	**2017**
Account finance income before tax	**132,335**	**121,671**
Permanent differences	(148,359)	(144,178)
Timing differences:	(1,530)	1,661
- Originating in the current period	1,917	1,660
- Arising in previous years	(3,447)	1
Taxable base for tax consolidation	**(17,554)**	**(20,846)**
Tax rate	25%	25%
Resulting tax payable	**(4,388)**	**(5,212)**
Deductions:	(3,655)	(1,148)
- Double taxation	(3,588)	(1,114)
- Other deductions	(67)	(34)
Tax payable	**(8,043)**	**(6,360)**

The permanent differences in the accounting result for 2018 correspond to items that are not tax deductible expenses or taxable income, and mainly correspond to: the exemption of dividends received from its subsidiaries Prosegur Global CIT, S.L.for EUR 130,000 thousand and Prosegur Global CIT ROW, S.L. for EUR 17,500 thousand, (EUR 144,000 thousand from Prosegur Global CIT, S.L.).

The main temporary difference adjustments to accounting profit originating in the year that are deductible in subsequent years are as follows:

1. Positive:
   - Provision for personnel expenses, amounting to EUR 1,852 thousand (EUR 1,596 thousand in 2017).
   - Other adjustments for EUR 65 thousand (EUR 65 thousand in 2017).

The main temporary difference adjustments to accounting profit originating in prior years are as follows:

1 Positive:
- Application for an amount of EUR one thousand (EUR one thousand in 2017), corresponding to the reversal of the negative adjustment of items of fixed assets subject to the freedom to amortise for 2009, 2010 and 2011.

2 Negative:
- Reversal of provisions from previous years amounting to EUR 3,448 thousand.

In 2018, the deductions correspond to the deduction for international double taxation in respect of taxes paid abroad for various services amounting to EUR 3,588 thousand (EUR 1,114 thousand in 2017), and deduction in technological innovation of EUR 67 thousands (EUR 34 thousand in 2017).

The breakdown of the income tax expense of the profit and loss account is as follows:

	Thousands of Euros 2018	2017
Account finance income before tax	**132,335**	**121,671**
Permanent differences	(148,359)	(144,178)
Elimination of treasury stock transactions	(10)	-
Taxable base	**(16,034)**	**(22,507)**
Tax rate	25%	25%
Resulting tax payable	**(4,009)**	**(5,627)**
Deductions:	(3,655)	(1,148)
- Double taxation	(3,588)	(1,114)
- Other deductions	(67)	(34)
Expense (income) from tax on profit	**(7,664)**	**(6,775)**
Withholdings at source and other	4,381	1,291
Final expense (income) from tax on profit	**(3,283)**	**(5,484)**

The corporate income tax expense is as follows:

	Thousands of Euros 2018	2017
Current tax	(8,043)	(6,360)
Elimination of treasury stock transactions	(4)	-
Deferred tax	383	(415)
Adjustments from prrevious years	4,381	1,291
	(3,283)	**(5,484)**

On 28 November 2016, by agreement of the then sole shareholder of the company Prosegur Cash, S.A., the company's admission was approved to the special regime of the Entities for the Holding of Foreign Securities provided for in Act 27/2014, of 27 November, on Corporate Income Tax. This was duly communicated to the Administration in a timely manner.

No restructuring operations were carried out in 2018.

The following restructuring operations were carried out in 2017:

	Thousands of Euros			
No. Operation inside the regime of fiscal neutrality	**Goods purchased**	**Delivered values carrying amount**	**Delivered values carrying amount**	**Difference**
1	100% shares	180,005	176,641	3,364
2	100% shares	820,995	763,904	57,091
		1,001,000	**940,545**	**60,455**

The difference in value in both cases derives from the accounting entries at consolidated value of the acquired assets.

List of tax benefits of the transferring entity, with respect to which the entity must assume compliance with certain requirements in accordance with art. 84 LIS: not benefited.

Deferred tax

Tax assets and tax liabilities are offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Movement in deferred tax is as follows:

Deferred tax assets	Opening balance	Transfers	Write offs	New Additions	Closing balance
	Thousands of Euros				
Amortisation and depreciation	1,102	206	-	(383)	925
	1,102	**206**	**-**	**(383)**	**925**

Deferred tax liabilities	Opening balance	Transfers	Write offs	New Additions	Closing balance
	Thousands of Euros				
Freedom to amortise	(1)	-	1	-	-
	(1)	**-**	**1**	**-**	**-**

16 Contingencies

a) Contingent liabilities

The Company has contingent liabilities from litigation arising in the ordinary course of business which are not expected to give rise to significant liabilities.

The Company has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

Guarantees provided by the Company to third parties at year end are as follows:

	Thousands of Euros	
	2018	**2017**
Financial guarantees	37	-
	37	**-**

Financial guarantees essentially include those relating to litigations in process.

b) National Commission on Markets and Competition

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

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

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

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

Prosegur will undertake solely and at its own expense the defence of Prosegur and Prosegur Servicios de Efectivo España, S.L. with regard to the disciplinary proceedings and the resolution by the Competition Chamber of the CNMC on 10 November 2016, with exclusive powers in respect of the supervision and control of said defence and of the contentious-administrative proceedings. Prosegur will hold Prosegur Cash and its subsidiary harmless from the potential negative economic affects of said proceedings.

17 Commitments

a) Purchase commitments for fixed assets

At 31 December 2018, the commitments correspond mainly to the purchase of hardware and software development amounting to EUR 622 thousand. At 31 December 2017 there are no commitments to purchase and sell assets.

b) Operating lease commitments

At 31 December 2018, the commitments correspond mainly to the rental of vehicles under non-cancellable operating leases amounting to EUR 102 thousand (EUR 118 thousand in 2017).

18 Balances and transactions with related parties

a) Related Party Balances

The breakdown of the balances by categories is the following:

	Thousands of Euros					
	2018					
	Financial assets			**Financial liabilities**		
	Current			**Current**		
	Credits (Note 9)	**Debtors (Note 9)**	**Other financial assets (Note 9)**	**Debts (Note 13)**	**Suppliers (Note 13)**	**Other financial liabilities (Note 13)**
Group Companies						
Prosegur SIS España, S.L.	-	-	-	-	(2)	-
Prosegur Compañia de Seguridad, S.A.	-	13	9,864	(45,154)	(3,008)	(17)
Prosegur Gestión de Activos, S.L.U.	-	2	-	-	(11)	-
Prosegur Global Alarmas, S.L.U.	830	-	-	-	-	-
MIV Gestión, S.A.	-	-	1	-	-	-
Prosegur Assets Management, S.L.U.	-	-	-	(19,035)	-	-
Prosegur Servicios de Efectivo España, S.L.U.	-	1	-	(8,119)	(6)	(28)
Prosegur Global CIT, S.L.U.	126,860	505	93	-	-	-
Prosegur Berlin SLU	93	-	-	-	-	-
Prosegur BPO España, S.L.U.	31,071	-	20	-	(14)	-
Armor Acquisition, S.A.	-	-	-	(70,050)	-	(47)
Juncadella Prosegur Internacional, S.A.	-	-	-	(301,144)	-	(237)
Prosegur International CIT 1, S.L.	873	-	-	-	-	-
Prosegur International CIT 2 SLU	5,091	-	3	-	-	-
Prosegur Global CIT ROW, S.L.U.	47,105	255	43	-	-	-
Contesta Teleservicios	-	-	-	(1,189)	-	(11)
Integrum 2008	-	-	-	(553)	-	-
Bloggers Brokers	-	-	-	(300)	-	-
Contesta Servicios Auxiliares	-	-	-	(715)	-	-
Prosegur Colombia 1 SLU	4,865	-	-	-	-	-
Prosegur Colombia 2 SLU	4,866	-	3	-	-	-
Prosegur Servicios de Pago EP SLU	-	-	-	(2)	-	-
Prosegur Cash Holding France SAS	14,344	-	379	-	-	-
Prosegur Traitment de Valeurs Azur SA	-	199	-	-	-	-
Prosegur Traitement de Valeurs Provence, SAS	-	-	-	-	(8)	-
Prosegur Internationale Handels GmbH	-	-	-	(2,526)	-	-
Prosegur Cash Services Germany GmbH	11,145	2,096	-	-	-	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV	48	-	-	-	-	-
Pitco Reinsurance SA	-	-	-	(2,341)	-	-
Luxpai CIT SARL	450	-	-	-	(426)	-
Prosegur Transportadora de Caudales SA	2,944	-	-	-	-	-
Prosegur Australia Investments PTY Limited	17,115	-	-	-	-	-
Prosegur Global Resources Holding Philipines Incorporated	-	-	10,477	-	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(8,594)	-	-
Servicios Prosegur Ltda	-	-	-	-	(4)	-
Transportadora de Caudales Juncadella SA	-	10,635	-	(1,500)	(74)	-
Prosegur Argentina PGA	-	-	-	-	(91)	-
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	4,260	-	(11,956)	(506)	-
Prosegur Procesos SAS	-	4	-	-	-	-
Compañía de Seguridad Prosegur, S.A.	-	38	-	(1,480)	-	-
Prosegur Gestion de Activos SA	-	-	-	-	(1)	-
SIS Cash Services Private Ltd	-	22	-	-	-	-
Grupo Mercurio de Transportes SA de CV	-	71	-	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal SA	-	1	-	-	-	-
Prosegur Paraguay, S.A.	-	23	-	-	-	-
Singpai Pte Ltd	-	-	-	-	(427)	-
Total	**267,700**	**18,125**	**20,883**	**(474,658)**	**(4,578)**	**(340)**

	Thousands of Euros					
	2017					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 9)	Debtors (Note 9)	Other financial assets (Note 13)	Debts (Note 13)	Suppliers (Note 13)	Other financial liabilities (Note 13)
Group Companies						
Transportadora de Caudales Juncadella SA	-	16,188	-	(158,203)	(1,257)	-
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	4,225	-	-	(2,440)	-
Compañía de Seguridad Prosegur, S.A.	12,811	-	-	-	-	-
Prosegur Compañia de Seguridad, S.A.	-	-	6,360	(32,864)	(30)	(587)
Servicios Prosegur Ltda	-	280	-	-	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(13,498)	-	-
Prosegur SIS España, S.L.	-	4	15	-	(1)	-
Prosegur Servicios de Efectivo España, S.L.U.	-	1	-	(47,613)	(3)	(335)
Prosegur Alarmas España SLU	-	-	-	-	(1)	-
Prosegur Global CIT, S.L.U.	119,766	1,053	869	-	(2,837)	-
Prosegur Global CIT ROW, S.L.U.	68,611	24	550	-	(1,492)	-
Prosegur Gestión de Activos, S.L.U.	-	3,812	-	-	(21)	-
Prosegur Global Alarmas, S.L.U.	-	51	-	-	(1)	-
Prosegur Global SIS, S.L.U.	-	1,933	-	-	(4)	-
Prosegur Global SIS ROW, S.L.U.	-	13	-	-	-	-
MIV Gestión, S.A.	-	-	1	(630)	-	-
Prosegur Berlin SLU	-	-	-	(7)	-	-
Prosegur BPO España, S.L.U.	8,722	2	35	-	-	-
Juncadella Prosegur Internacional, S.A.	-	1	-	(263,706)	-	(6,233)
Prosegur International CIT 1, S.L.	-	-	7	(9)	-	-
Prosegur International CIT 2 SLU	-	-	-	(4)	-	-
Prosegur Cash Holding France SAS	6,251	-	743	-	-	-
Luxpai CIT SARL	16,946	-	-	-	-	-
Prosegur Australia Investments PTY Limited	6,526	-	-	-	-	-
Prosegur Transportadora de Caudales SA	2,817	-	-	-	-	-
Armor Acquisition, S.A.	-	-	-	(66,996)	-	(507)
Prosegur Internationale Handels GmbH	-	-	-	(1,693)	-	-
Prosegur Cash Services Germany GmbH	10,027	-	-	-	-	-
Pitco Reinsurance, S.A.	-	-	-	(20,479)	-	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA	42	-	-	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal, S.A.	-	10	-	(1,014)	-	-
Prosegur Paraguay, S.A.	-	279	-	-	-	-
Prosegur Assets Management, S.L.U.	-	-	-	(13,855)	-	-
Total	**252,519**	**27,876**	**8,580**	**(620,571)**	**(8,087)**	**(7,662)**

Receivables and suppliers mostly reflect the outstanding balances relating to invoices for centralised services issued to and received from, respectively, the various Group companies.

Financial assets - the loans correspond, on the one hand, to short-term loans delivered to group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing annual interest of 0.75% in Spain, of 3.25 % in France, 1% in Germany and 0.75% in Luxembourg. We also found short-term loans granted to subsidiaries in Australia in AUD and in Uruguay in EUR, accruing annual interest 3.50% in Australia (3.50% in 2017) and 5.00% in Uruguay (3.75% in 2017); in 2017 in Spain 0.75%, in France 3.25% and in Germany 0.75%. Interest accrued to EUR 4,886 thousand in 2018 (EUR 2,886 thousand in 2017).

Financial liabilities - the debts correspond, on the one hand, to short-term loans received from group companies within the framework of the centralised treasury management. They are denominated mainly in EUR, accruing annual interest of 0.75% in Spain and 0.75% in Germany. On the other hand we found short-term loans granted by subsidiaries to the Company in Luxembourg accruing interest of 1%, in Argentina of 1%, in Brazil of 0.75%, in Peru of 2.5%, in Chile of 0.75%, denominated in EUR, (0.75% in Spain, 0.75% in Argentina, 2.75% in Peru and 0.75% in Chile in 2017). Interest amounted to EUR 4,520 thousand in 2018 (EUR 5,134 thousand in 2017).

b) Related Party Transactions

The amounts of the Company's transactions with related parties are the following:

	Thousands of Euros				
	2018				
	Revenue from dividends (Note 3)	Finance income (Note 3)	Provision of services (Note 3)	Expenses from interest (Note 4)	Services rendered
Prosegur Soluciones Integrales de Seguridad España SLU	-	-	-	-	(7)
Prosegur Compañia de Seguridad, S.A.	-	-	-	-	(27,410)
Prosegur Gestión de Activos, S.L.U.	-	-	-	-	(28,219)
MIV Gestión, S.A.	-	5	76	-	-
Prosegur Ciberseguridad SL	-	-	-	-	(20)
Prosegur Global SIS SLU	-	-	-	-	(3)
Prosegur Servicios de Efectivo España SLU	-	-	4,734	(471)	(37)
Prosegur Global CIT, S.L.U.	130,000	1,017	28,905	-	-
Prosegur BPO España, S.L.U.	-	99	451	-	(3)
Armor Acquisition, S.A.	-	-	-	(542)	-
Juncadella Prosegur Internacional SA	-	-	-	(2,679)	(1)
Prosegur Global CIT ROW, S.L.U.	17,500	570	13,237	-	(12)
Prosegur International CIT 1, S.L.	-	5	-	-	-
Inversiones CIT 2 SLU	-	15	-	-	-
Prosegur Global SIS ROW, S.L.U.	-	-	-	-	(1)
ESC Servicios Generales SLU	-	-	-	-	(2)
Contesta Teleservicios SA	-	-	-	(11)	-
Integrum 2008 SLU	-	-	-	(3)	-
Bloggers Broker SL	-	-	-	(1)	-
Contesta Servicios Auxiliares SL	-	-	-	(2)	-
Prosegur Colombia 2 SLU	-	2	-	-	-
Luxpai Holdo SARL	-	-	-	-	(426)
Pitco Reinsurance, S.A.	-	-	-	(161)	-
Luxpai CIT SARL	-	123	-	-	-
Prosegur Paraguay, S.A.	-	-	1,428	-	-
Prosegur Transportadora de Caudales SA	-	140	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal SA	-	-	182	15	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV	-	6	-	-	-
Grupo Mercurio de Transportes SA de CV	-	-	147	-	-
Prosegur Cash Holding France SAS	-	379	-	-	-
Prosegur Traitment de Valeurs Azur SA	-	-	199	-	-
Prosegur Traitement de Valeurs Provence, SAS	-	-	(8)	-	-
Prosegur Internationale Handels GmbH	-	-	-	(2)	-
Prosegur Cash Services Germany GmbH	-	119	2,096	-	(1)
Prosegur Australia Investments PTY Limited	-	275	-	-	-
Compañía de Seguridad Prosegur, S.A.	-	132	2,636	(2)	-
Prosegur Gestion de Activos SA	-	-	-	-	(3)
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	-	4,260	(1)	(875)
Segurpro Vigilancia Patrimonial SA	-	-	-	-	(2)
Servicios Prosegur Ltda	-	-	1,344	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(94)	-
Prosegur Procesos SAS	-	-	4	-	-
Transportadora de Caudales Juncadella SA	-	-	10,613	(565)	(1,073)
Prosegur Argentina SA	-	-	-	-	(1,045)
SIS Cash Services Private Ltd	-	-	21	-	-
Singpai Pte Ltd	-	-	-	-	(427)
Total	**147,500**	**2,887**	**70,325**	**(4,519)**	**(59,567)**

	Thousands of Euros				
	2017				
	Revenue from dividends (Note 3)	Finance income (Note 3)	Provision of services (Note 3)	Expenses from interest	Services rendered
Compañía de Seguridad Prosegur, S.A.	-	137	2,594	(189)	-
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	-	4,084	-	(2,308)
Servicios Prosegur Ltda	-	-	1,293	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(119)	-
Compañia Transportadora de Valores Prosegur de Colombia SA	-	72	-	-	-
Prosegur Procesos SAS	-	-	84	-	-
Juncadella Prosegur Internacional SA	-	-	3	(2,749)	(3)
Transportadora de Caudales Juncadella SA	-	-	16,189	(833)	(1,773)
Prosegur Compañia de Seguridad, S.A.	-	(75)	6	(67)	(30,575)
MIV Gestión, S.A.	-	1	75	-	-
Prosegur Global CIT, S.L.U.	144,000	869	25,438	-	(1)
Prosegur Cash SA	-	-	-	-	(1)
Prosegur BPO España, S.L.U.	-	35	454	-	(7)
Prosegur Global CIT ROW, S.L.U.	-	550	11,535	-	(64)
Prosegur Gestión de Activos, S.L.U.	-	-	2	-	(24,119)
Prosegur International CIT 1, S.L.	-	7	-	-	-
Prosegur Global SIS ROW, S.L.U.	-	-	1	-	(1)
Pitco Reinsurance, S.A.	-	-	-	(200)	-
Luxpai CIT SARL	-	183	-	-	-
Prosegur Paraguay, S.A.	-	-	1,352	-	-
Prosegur Transportadora de Caudales SA	-	5	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal SA	-	-	257	(91)	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV	-	42	-	-	-
Prosegur Cash Holding France SAS	-	544	-	-	-
Prosegur Traitment de Valeurs Azur SA	-	-	16	-	-
Prosegur Traitement de Valeurs Provence, SAS	-	-	8	-	-
Armor Acquisition, S.A.	-	-	-	(507)	-
Prosegur Servicios de Efectivo España SLU	-	-	4,604	(335)	(3)
Prosegur Internationale Handels GmbH	-	-	-	(41)	-
Prosegur Cash Services Germany GmbH	-	27	348	(3)	-
Prosegur Australia Investments PTY Limited	-	428	-	-	-
Total	**144,000**	**2,825**	**68,343**	**(5,134)**	**(58,855)**

Services rendered and other income mainly include EUR 42,142 thousand (EUR 36,878 in 2017). Likewise, EUR 27,398 thousand (EUR 30,569 thousand in 2017) were invoiced for brand assignment.

Services received mainly include EUR 31,537 thousand (EUR 28,124 thousand in 2017) corresponding to the invoicing received in relation to centralised services and EUR 27,398 thousand corresponding to the invoicing received in connection with the brand assignment by Prosegur Compañía de Seguridad S.A. and the company subsequently passes the brand assignment over to its subsidiaries.

Interest income and borrowing costs reflect the amounts accrued on the aforementioned current loans extended to and by Group companies (Note 14).

19 Remuneration of Directors and Senior Management Personnel

a) Remuneration of members of the board of directors

The Board of Directors is understood to be the management group of the Company and is made up of persons elected by the General Shareholders' Meeting to carry out the management, control, representation and management functions of the same.

The members of the Board of Directors have received the following remuneration from the Company:

	Thousands of Euros	
	2018	**2017**
Fixed remuneration	1,044	919
Variable remuneration	413	388
Remuneration in kind	53	97
Insurance premium	3	101
Total	**1,513**	**1,505**

b) Remuneration of senior management personnel

Senior management personnel are Company employees who hold, de facto or de jure, senior management positions reporting directly to the board of directors, executive committees or managing directors on the board, including those with power of attorney not limited to the company's statutory activity or specific areas or matters.

The members of Senior Management have received the following remunerations from the Company:

	Thousands of Euros	
	2018	**2017**
Fixed remuneration	1,257	932
Variable remuneration	445	477
Remuneration for membership of the Board	117	29
Per diems	126	2
Total	**1,945**	**1,440**

These provisions include the accrued cash incentive corresponding to the 2017 and 2020 Plan.

During the year, provisions to profit/(loss) amounted to EUR 1,852 thousand (EUR 2,082 thousand in 2017).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period or at the payment time.

There has been no accrued expense for Senior Management civil liability insurance in 2018 and 2017.

c) Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Restated Text of the Spanish Companies Act, approved by Royal Decree Act 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2017.

Occasionally, and since the appointment of Mr Daniel Guillermo Entrecanales Domecq as a director of the company, Revolution Publicidad, S.L. has provided Prosegur Cash with advertising agency, media, marketing and communication services, within the ordinary course of business and on an arm's-length basis. Prosegur Cash does not work solely with the agency Revolution Publicidad, S.L., but receives advertising, media, marketing and communication services from other companies too. In 2018, no invoicing was received from Revolution Publicidad, S.L. to Prosegur Cash (this was EUR 38 thousand at 31 December 2017).

In 2018, Euroforum Escorial, S.A. (controlled by Gubel, S.L.) invoiced Prosegur Cash EUR 5 thousand for hotel services (EUR 48 thousand at 31 December 2017).
Prosegur is controlled by Gubel S.L., which was incorporated in Madrid, and holds 50.075% of the share capital of Prosegur Cash, which it consolidates in its consolidated financial statements.

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

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

20 Employee Information

The average headcount of the Company is as follows:

	2018	2017
Average headcount of the Company	42	39
Total	**42**	**39**

The distribution of the Company's personnel at the end of the year by gender and category is as follows:

	2018		2017	
	Female	Male	Female	Male
Directors				
Analyst	-	7	-	5
Administrative Assistant	1	-	1	-
Executive Manager	-	4	-	3
General Director	-	1	-	1
Technical Manager	-	1	-	1
Manager	-	1	-	1
Head of Second	-	1	-	1
Management Secretary	1	-	1	-
Level 1 Officer	-	1	-	-
Medium Qualified	1	13	2	1
High Qualified	8	-	9	15
Direct personnel	-	-	-	-
Total	**11**	**29**	**13**	**28**

There are no employees in the Company with a disability rating of 33% or more.

The distribution by gender of the Board of Directors and Senior Management at the end of the year is as follows:

	2018		2017	
	Female	Male	Female	Male
Directors	3	6	3	6
Senior Management	2	9	2	9
Total	**5**	**15**	**5**	**15**

21 Audit Fees

KPMG, the auditors of the annual accounts of the Company, have invoiced the following fees and expenses for professional services:

	Thousands of Euros	
	2018	2017
Audit services	207	197
Other audit-related services	-	125
Total	**207**	**322**

Audit services detailed in the above table include the total fees for services rendered in 2018 and 2017, irrespective of the date of invoice.

Additionally, other KPMG International affiliates have invoiced the Company the following fees for professional services during the year:
Other audit-related services correspond mainly to the limited reviews of interim financial statements, procedural reports agreed concerning compliance with covenants, and comfort letters relating to securities issues provided by KPMG Auditores, S.L. to Prosegur Cash, S.A. in the year ended on 31 December 2018.

22 Environmental information

At 31 December 2018 and 2017, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

23 Financial Risk Management

Financial Risk Factors

The Company's activities are exposed to various financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company’s risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company’s business.

(i) Currency risk

The Company mainly operates on a national basis. Likewise, the Prosegur Cash Group, of which the Company is the parent, operates internationally. As a result, the Company is exposed to currency risk when operating with its subsidiaries in foreign currencies and through the assets and liabilities contracted in foreign currencies from third parties. Currency risk is associated with recognised assets and liabilities denominated in foreign currency.

Management has a currency risk management policy to control the risk arising from the exchange of foreign currencies to its functional currency to minimise the Company's exposure. Currency risk arises when future transactions or recognised assets and liabilities are presented in a currency other than the parent's functional currency.

When so required by its policies and market expectations, the Company uses forward contracts approved and contracted by the Treasury Department in the corresponding market to control currency risk arising on commercial transactions and recognised assets and liabilities. The Treasury Department is responsible for managing the net position of each foreign currency by entering into external or local forward currency contracts, depending on their competitiveness and appropriateness.

Since the Company, as parent of the Prosegur Cash Group, intends to remain in the foreign markets in which it is present in the long term or permanently, it does not hedge the currency risk related to equity investments in those markets.

The value of the financial assets and liabilities attributable to the Company at 31 December, by type of currency, is as follows:

	Thousands of Euros			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Euros	279,235	1,189,815	314,793	1,245,480
US Dollar	10,504	-	-	-
Peruvian Nuevo Sol	-	1,478	-	-
South African Rand	17,125	-	6,527	19,121
Mexican Peso	346	-	-	-
Total	**307,210**	**1,191,293**	**321,320**	**1,264,601**

(ii) Interest rate, cash flow and fair value risks

As the Company does not have a significant amount of assets remunerated at variable interest rates, income and cash flows from operating activities are not basically by fluctuations in market interest rates.

Interest rate risk mainly arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. Fixed-interest borrowings expose the Company to fair value interest rate risks. In 2018 the Company's borrowings at variable interest rates were denominated in EUR.

The Company analyses its interest rate risk exposure dynamically. Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Details of loans and borrowings, indicating the portion considered to be hedged, at a fixed rate, are as follows:

	Thousands of Euros	
	2018	
	Total debt	Hedged debt
Non-current (Note 13)	609,241	609,241
Current (Note 13)	70,702	55,330
Total debt	**679,943**	**664,571**

	Thousands of Euros	
	2017	
	Total debt	Hedged debt
Non-current (Note 13)	612,288	612,288
Current (Note 13)	125	125
Total debt	**612,413**	**612,413**

(iii) Credit risk

The Company has no significant credit risk concentrations given that the main activity of the Company corresponds to group companies.

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Company's Treasury Department aims to be flexible with regard to financing.

Management monitors the Company's liquidity reserve forecasts, which comprise credit drawdowns and available cash, and are forecast based on expected cash flows.

The table below presents an analysis of the financial liabilities that will be settled for the net amount, grouped by maturities based on the period remaining from the balance sheet date until contractual maturity dates. The amounts presented in this table reflect the cash flows stipulated in the contract.

	Thousands of Euros				
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
31 December 2018	60,166	-	16,803	-	76,969

Finally, systematic forecasts are prepared for cash generation and requirements, allowing the Company to determine and monitor its liquidity position on an ongoing basis.

24 Events after the Reporting Date

On 7 February 2019, Prosegur Cash, S.A.'s syndicated loan, of up to EUR 300,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024, with the option of another two-year extension if the issuer agrees.

25 Accounting Principles

25.1 Intangible Assets

The assets in intangible assets are posted at purchase price or production cost. The capitalisation of production cost appears under “Self constructed assets” in the Profit and Loss Account. Intangible fixed assets are shown in the balance sheet at cost value less the amount of accumulated depreciation and impairment.

The costs incurred in carrying out activities that contribute to the development of the value of the Company's business as a whole, such as goodwill, trademarks and similar items generated internally, as well as the establishment expenses are recorded as expenses in the profit and loss account as they are incurred.

a) Computer Softwares:

Computer software licences purchased from third parties are capitalised at the cost of acquisition or cost of preparation of the specific software for use. Such costs are amortised over the estimated useful lives of the applications, at 5 years.

Computer software maintenance costs are charged as expenses when incurred.

b) Trademarks, licences, patents and others similar:

Licences have finite useful lives and are recognised at cost less accumulated amortisation and impairment. Licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of between one and 10 years.

c) Other Intangible assets:

Other intangible assets mainly comprise the set of knowledge and technical resources of the personnel acquired from Prosegur Compañía de Seguridad, S.A. (Note 6) They are amortised on a straight-line basis over their estimated useful life of between two and 10 years.

25.2 Property, Plant and Equipment

Property, plant and equipment are recognised at cost of acquisition or production, less accumulated depreciation and any accumulated impairment.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is increased and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over their estimated useful life, while recurring maintenance costs are charged to the Profit and Loss Account during the year in which they are incurred.

Depreciation of property, plant and equipment is calculated systematically on a straight-line basis over the estimated useful lives of the assets based on the actual decline in value and use.

The Company uses the following depreciation rates:

	Depreciation rate
Other Installations	10%
Furniture	10%
Data processing equipment	25%
Other Property, Plant and Equipment	10% to 20%

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset’s carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount.

Profit and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount, and are recognised in the Profit and Loss Account.

25.3 Impairment Losses on Non-financial Assets

Assets subject to amortisation or depreciation are tested for impairment whenever an event or change in circumstances indicates that their carrying amount might not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and 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).

Non-financial assets for which impairment losses have been recognised, are tested at each balance sheet date in case the loss has reversed.

25.4 Financial assets

a) Investments in equity instruments of Group companies, jointly controlled companies and associates

These investments are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for jointly controlled companies and associates the transaction costs incurred, and are subsequently measured at cost net of any accumulated impairment losses. However, for investments made prior to classification as a group company, jointly controlled company or associate, the cost of the investment is considered to be the carrying amount immediately before this classification. Valuation adjustments previously recognised in equity remain in equity until the investment is derecognised.

If there is objective evidence that the carrying amount is not recoverable, the amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood as the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment. Unless there is better evidence of the recoverable amount of the investment, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date. Impairment losses are recognised and reversed in profit and loss.

b) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The assets are classified as current unless they mature in more than 12 months after the balance sheet date, in which case they are classified as non-current.

These financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument's carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one year are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not updating is immaterial.

At least at year end, the necessary impairment losses are recognised when there is objective evidence that all the amounts receivable will not be collected.

The impairment loss is calculated as 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 upon initial recognition. Impairment losses are recognised and reversed in profit and loss.

c) Write-offs of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new assets obtained less any new liabilities assumed and any cumulative profit or loss deferred in recognised income and expense, is recorded in profit or loss.

d) *Value impairment on other financial assets*

A financial asset or group of financial assets is impaired and an impairment loss has occurred, if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events causing the loss and with an impact on the estimated future cash flows of the asset or group of financial assets that can be estimated reliably.

The Company follows the criterion of recording the appropriate value adjustments for impairment of loans and receivables and debt instruments when there has been a reduction or delay in future estimated cash flows due to debtor insolvency.

Likewise, in the case of equity instruments, there is value impairment when there is a lack of recoverability of the carrying amount of the asset due to a prolonged or significant decrease in its fair value.

e) Offsetting principles

A financial asset is offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset simultaneously.

25.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits at banks and financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company’s usual cash management policy.

25.6 Net equity

The acquisition by the Group of equity instruments of the parent company is presented at acquisition cost separately as a reduction in net equity in the consolidated balance sheet, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the parent's equity instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

The transaction costs relating to own equity instruments are recognised as a reduction in net equity once any tax effect has been taken into account.

25.7 Financial liabilities

a) Debts and payables

This category includes trade and non-trade payables. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the discount rate that matches the instrument’s carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not discounting flows is not significant.

If existing payables are renegotiated but the lender has not changed and the present value of future cash flows, including net fees paid, differs by less than 10% from the present value of future cash payments for the original liability, calculated using the same method, the liability is not considered to be substantially modified.

b) Write-offs of financial liabilities

A financial liability, or part of a financial liability, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

c) Offsetting principles

A financial liability is offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to settle the liability simultaneously.

25.8 Current and Deferred Tax

The income tax expense (income) for the year comprises current tax and deferred tax.

The current and deferred tax expense (income) is recognised in the Profit and Loss Account. However, the tax effect of items recognised directly in equity is recorded in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are calculated using the liability method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amount. 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 that have been enacted or substantially enacted at the balance sheet 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 tax assets arising from deductible temporary differences are recognised provided future tax gains are likely to exist for offset thereof that will reverse within ten years. Assets arising from the initial recognition of assets and liabilities in a transaction which is not a business combination and which does not affect either the carrying profit or the taxable base on transaction date, are not subject to recognition. Assets which will reverse in a period exceeding ten years are recognised over the years, provided there is a likelihood of future tax gains.

Tax planning opportunities are only considered when assessing the recovery of deferred tax assets, if the Company intends to use them or is likely to do so.

The Company recognises the reversal of a deferred tax asset in an account receivable with a Public Entity when it is enforceable in accordance with tax legislation in force. Likewise, the Company recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

25.9 Employee benefits

Compensations based on the share price of Prosegur shares - 2017 and 2020 Plan

These provisions include the accrued incentive in the 2017 and 2020 long-term incentive plan for the Executive President, Executive Director and Senior Management of Prosegur Cash. During the year, provisions to profit/(loss) amounted to EUR 1,852 thousand (EUR 2,082 thousand at 31 December 2017). Said amount includes the amount accrued relating to the 2017 and 2020 Plan.

The 2017 Plan and 2020 Plan are generally linked to value creation and envisage the payment of share-based and/or incentives to the Executive President, Executive Director and Senior Management.

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

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

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

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur Cash's share quotation price at the close of the period, EUR 1.93 share (EUR 2.68 share in 2017) or at the payment time.

25.10 Provisions and Contingent Liabilities

Provisions for possible restructuring costs and/or litigation are recognised when the Company has a present obligation (legal or tacit) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

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. Any adjustments made to update the provision are recognised as a financial expense when accrued.

Provisions expiring in one year or less, the financial effect of which is immaterial, are not discounted.

Reimbursements from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received.
Possible obligations arising from past events, the materialisation of which is contingent on one or more future events beyond the control of the consolidated entities, are considered contingent liabilities. These contingent liabilities are not recognised in the accounts but are disclosed in the notes (see Note 16).

25.11 Revenue recognition

Revenue is recognised at the fair value of the consideration receivable and reflects the amounts to be collected for goods handed over and services rendered in the ordinary course of the Company's activities, less returns, rebates, discounts and value added tax.

The Company recognises revenue when the amount can be reliably estimated. It is probable that the future economic benefits will flow to the Company and the specific conditions are met for each of the activities, as described below. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific contractual terms.

a) Interest received

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company writes the carrying amount down to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and carries the discount as a reduction in interest received. Interest received on impaired loans is recognised using the effective interest method.

b) Dividend received

Dividends received are recognised when the right to receive payment is established.

Dividend revenue from investments in equity instruments is recognised when the rights for the Company have arisen. If the distributed dividends come unequivocally from results generated prior to the acquisition date because amounts greater than the profits generated by the investee since the acquisition have been distributed, they reduce the carrying amount of the investment.

25.12 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency profit and losses arising on the settlement of these transactions and the translation into EUR of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in profit or loss.

25.13 Related Party Transactions

Transactions between Group companies, except those related to mergers, spin-offs and non-monetary contributions, are initially recognised at the fair value of the consideration given or received. If the agreed price differs from the fair value, the difference is recognised based on the economic substance of the transaction. Transactions are subsequently measured in accordance with applicable standards.

In the non-monetary contributions to a group company, the contributor will value their investment at the carrying amount of the delivered equity items in the consolidated annual accounts on the date on which the transaction is made, according to the Standards for the Preparation of Consolidate Annual Accounts. The acquiring company will recognise them for the same amount.

In the merger and spin-off transactions between companies of the group in which the parent company of the group or the parent company of a subgroup and its subsidiary directly or indirectly intervene, the acquired equity items are valued for the amount that would correspond to them after the operation in the consolidated annual accounts of the group or subgroup according to the aforementioned Standards for the Preparation of Consolidate Annual Accounts. The difference that could be shown in the accounting entry by the application of the above criteria will be recorded in a reserves item.

PROSEGUR CASH, S.A.

Directors' Report for 2018

Consolidated Directors' Report for 2018

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

1. The Company's situation

Prosegur Cash, S.A. was incorporated as a single person limited company in accordance with Spanish law on 22 February 2016, and subsequently transformed into a public limited company on 21 September 2016.

This Company was the result of a spin-off of the Cash business unit of the Prosegur Group, performed by means of a non-monetary contribution of entities under the shared control of the Prosegur Group.

Shares in Prosegur Cash were listed on 17 March 2017 at a price of 2 Euros each, in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia, and are traded on the Spanish Stock Exchange Interconnection System (SIBE).

On 7 April 2017, the Green Shoe period of the stock market flotation ended, and the free float attained 27.5% of the share capital of Prosegur Cash, S.A.

The Prosegur Cash Group operates in the following countries: Germany, Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Spain, The Philippines, France, Guatemala, Honduras, India, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa and Uruguay.

1.1 Business model

Prosegur Cash provides services ranging from basic cash in transit and cash management to added-value outsourced services. It includes, primarily, the transportation, storage, safekeeping, 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 focuses mainly on the banking and retail sectors.

Prosegur Cash comprises the following business lines:

- **Cash in Transit/Logistics:** local and international transport services, via land, sea and air, of funds and other valuable goods, such as jewellery, works of art, precious metals, electronic devices, pharmaceutical products, voting ballots and legal evidence, among others. These services include collection, transport, custody, delivery and deposit in vaults.

- **Cash management:** comprises counting, processing, equipment, custody, packaging and delivery of cash in bank notes and coins, and the loading of ATMs.

- **New services:** includes the following:

    - Automation of payments in retail establishments via smart cash, including devices for paying in cash, recycling or dispensing bank notes and coins, and payment of invoices.
    - ATM integrated management, including planning, supervision, first- and second-tier maintenance, and tallying; and
    - Added-value outsourced services (AVOS) for banks, including planning for branch requirements, reconciliation and tallying, and credit card support services.

The mission, vision and values of Prosegur Cash evidence the aspirations and challenges and define the company's approach.

Mission

Our mission or purpose (what makes us work every day) is to generate value for our shareholders, clients and society, offering integrated cash management solutions and related activities, incorporating cutting-edge technology and relying on the talent of top professionals.

Vision

Our vision (the goal we pursue) is to be a leader (nimble and efficient) in the emerging markets sector through the consolidation and transformation of the industry, harnessing the third round of outsourcing at banks.

Values

Our Values (the principles that identify us) encompass the beliefs that guide our conduct. They are the reflection of who we are, how we behave and the way we work for our clients: Pro-Active Approach, Value Creation, Client-Friendliness, Transparency, Excellence, Leadership, Teamwork and Brand.

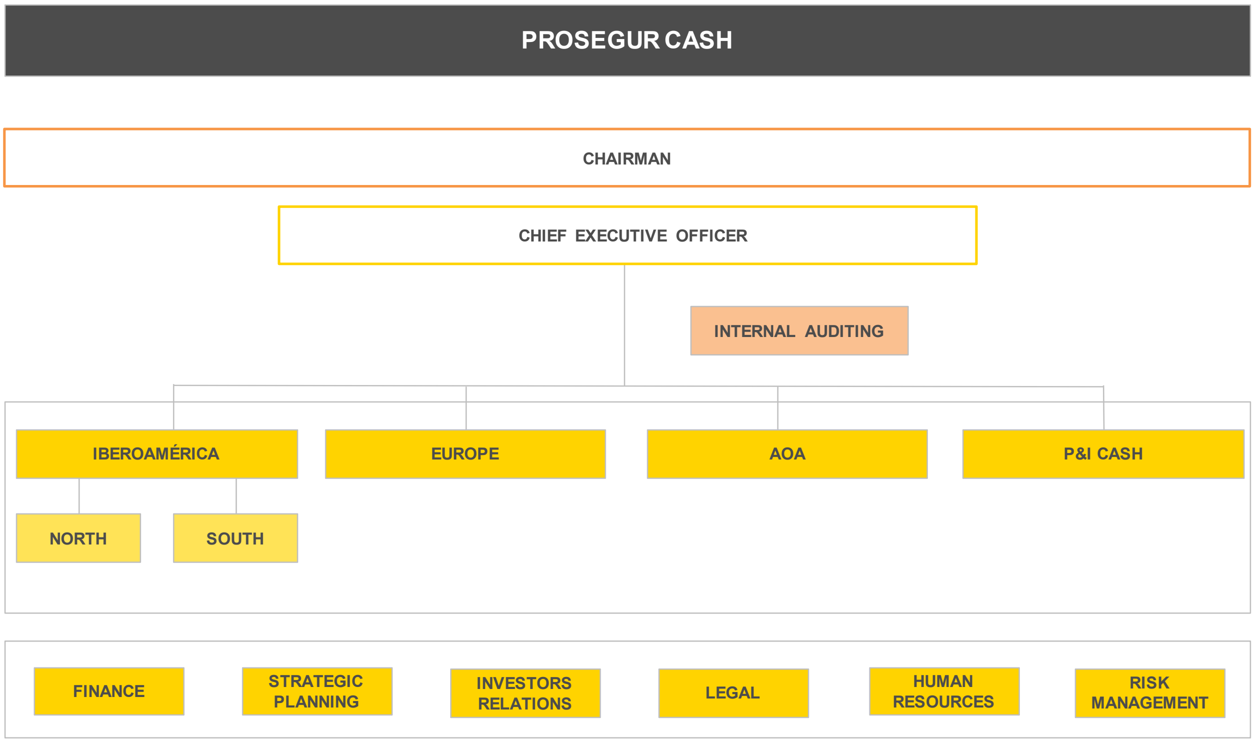
1.2 Organisational structure

The organisational structure of the Group, of which the Company is parent, is designed to improve business processes and add value to our clients every day. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur Cash Group as a business group.

The Business Areas are divided into three geographical segments—Europe, Asia-Oceania-Africa (AOA) and Latam—plus a fourth, the Innovation and Production Area, affording us a nimble and efficient structure that is entirely client-oriented, adapting to the various needs of our clients and ensuring innovation in our products.

The corporate functions are supervised by the Global Support Divisions that cover the Finance, Human Resources, Investor Relations, Legal, Strategic Planning and Risk Management areas.

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



The Board of Directors is the top management body and the body ultimately responsible for decision-making with regard to operations and reviewing the internal financial information with a view to evaluating profit/(loss) and allocating resources.

Changes to the Group's structure

The changes in the composition of the Prosegur Cash Group, of which the Company is the parent, during 2018 were mainly due to the following acquisitions:

- Cash business combinations in Ibero-America: In 2018, in Ibero-Amercia, Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 61,086 thousand, comprising a cash payment of EUR 33,161 thousand, and a deferred contingent consideration totalling EUR 27,925 thousand maturing in 2018, 2019, 2020 and 2021.

- Cash business combinations in AOA: In 2018, in AOA Prosegur acquired a security company providing cash in transit and cash management services. The total purchase price was EUR 20,664 thousand at the acquisition date, comprising a cash payment of EUR 12,593 thousand and a deferred contingent consideration totalling EUR 8,071 thousand.

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

The following companies were incorporated in 2018:

- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- The company Prosegur Servicios de Pago EP S.L.U. was incorporated in Spain in June 2018.
- In June 2018, Prosegur Global Resources Holding Philippines Incorporated was incorporated in The Philippines.
- In July 2018 Prosegur Logistica e Armazenamento Ltda was incorporated in Brazil.

In 2018, the Brazil Security business was sold (Note 15 of the consolidated annual financial statements).

Additionally,in December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

1.3 Operation

The unceasing development of the environment in which Prosegur Cash operates has played a crucial role in the company's transformation over the last few years. In this connection, Prosegur Cash established three main goals:

- Respond to clients' new needs, in line with market trends.
- Become their trusted strategic partner.
- Boost their value through efficiency in processes and by implementing increasingly technological services.

At present, Prosegur Cash is in the midst of a new Prosegur Group Three-Year Strategic Plan 2018-2020. Our ambition to lead the transformation of the industry has led us to embark on a digital transformation of the company, hinging upon three basic pillars: Digitalise, Innovate and Grow.

Specific goals have been set in connection with each pillar and, after the first year of the plan, considerable progress has already been made.

Digitalise

With regard to digitalisation, the established goals are:

- Roll out the necessary platforms and tools to simplify management and enhance the client experience, paving the way for Prosegur Cash to lead the industry in the future.
- Support operational excellence and the technological improvement of processes in order to boost profitability.
- Reduce the weight of indirect costs that do not create value for clients.
- Attract, develop and retain the most highly-qualified professionals. To do this, Prosegur offers them the necessary know-how and tools to enhance their skills and grow within the company.

In 2018, the first year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- In connection with Information Technologies, progress in standardising the technological infrastructure, harmonising systems and reducing operational errors.
- In Human Resources, developing candidate screening using data analysis.
- Automating interfaces with clients.

Innovate

With regard to innovation, the established goals are:

- Listen to clients to develop new value proposals that meet their needs.
- Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

In 2018, we enhanced sales of smart cash and added-value outsourced services (AVOS).

Grow

With regard to growth, the established goals are:

- Maintain high rates of profitable organic growth.
- Continue with the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.

Over the course of 2018, progress was made in the acquisitions strategy, entering new countries and consolidating some of our existing markets.

Prosegur Cash aims to accelerate its growth in a profitable manner, benefiting from the third wave of outsourcing and the potential consolidation of the sector. In this regard, the company has decided to sell new products, especially those linked to retail automation, integrated ATM management and high value-added services. Likewise, it wishes to continue playing a pivotal role in consolidating the sector, to strengthen not only its existing position but to create the necessary platforms for its future growth.

This strategy, which we call ECT, entails three main pillars: Expediency (E), Consolidation (C) and Transformation (T):

Expediency (E) means the capacity to be nimble and efficient in operations and, also, in executing our strategy. The idea is to continue to grow in the markets where the company operates and nurture a level of operating excellence to enable us to continue boosting profitability.

Consolidation (C) must help to harness more synergies in markets in which the company operates and gain a foothold in new markets that enable us to continue growing.

Transformation (T) means developing new, higher added-value products that will gradually replace the more traditional ones.

In addition, a light-weight, efficient corporate team has been created that is firmly committed to digital transformation as a means of satisfying and supporting the various needs of the business.

2. Business performance and profit/(loss)

2.1 Main financial and non-financial indicators

(Thousand of euros)		2018	2017	Variation
Sales		**161,789**	**156,492**	**3.4%**
EBITDA		**148,708**	**142,301**	**4.5%**
	Margin	91.9%	90.9%	0.0%
Depreciation of property, plant and equipment		(93)	(1,857)	-95.0%
Depreciation of intangible assets		(2,735)	(739)	270.1%
EBIT		**145,880**	**139,705**	**4.4%**
	Margin	90.2%	89.3%	0.0%
Financial results		**(13,546)**	**(18,034)**	**-24.9%**
Profit before tax		**132,335**	**121,671**	**8.8%**
	Margin	81.8%	77.7%	0.0%
Tax		**3,283**	**5,484**	**-40.1%**
	Tax rate	2.0%	3.5%	0.0%
Net profit from continued operations		**135,618**	**127,155**	**6.7%**
Net profit from discontinued operations		135,618	127,155	6.7%
Net profit		**135,618**	**127,155**	**6.7%**

The significant variation in financial results with respect to 2017 is due to the exchange differences arising from commercial group transactions. The sales are determined mainly by the dividends received from the investees.

2.2 Investments

All of the Prosegur Cash Group's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to Prosegur Cash's management for approval.

2.3 Personnel

The company's personnel as of 31 December 2018 was 40 people (41 in 2017).

2.4 Environment

At the end of 2018, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

3. Liquidity and capital resources

Liquidity

Prosegur Cash keeps a reasonable level of liquid reserves and a great financing capacity available to ensure flexibility and rapidity in meeting the requirements of working capital of investing capital or inorganic growth.

Capital resources

The structure of the long term financial debt is determined by the following contracts:

a) On 29 January 2016, the Prosegur Group formalised a loan in rands for a term of 4 years with bullet amortisation (Note 28 of the consolidated annual accounts). Said loan was assigned to Prosegur Cash on 6 July 2017 in the amount of 272 million South African rands (which, on 31 December 2017, had an equivalent value of EUR 16.5 million). Prosegur Cash will maintain the same loan conditions and the same term, until 29 January 2020. At the same time as assigning the loan, Prosegur paid Prosegur Cash in cash an amount equivalent to the principal plus interest accrued.

b) On 10 February 2017, a new syndicated financing operation was arranged for a credit facility in the amount of EUR 300 million for a five-year term. At 31 December 2018, no amount has been drawn down.

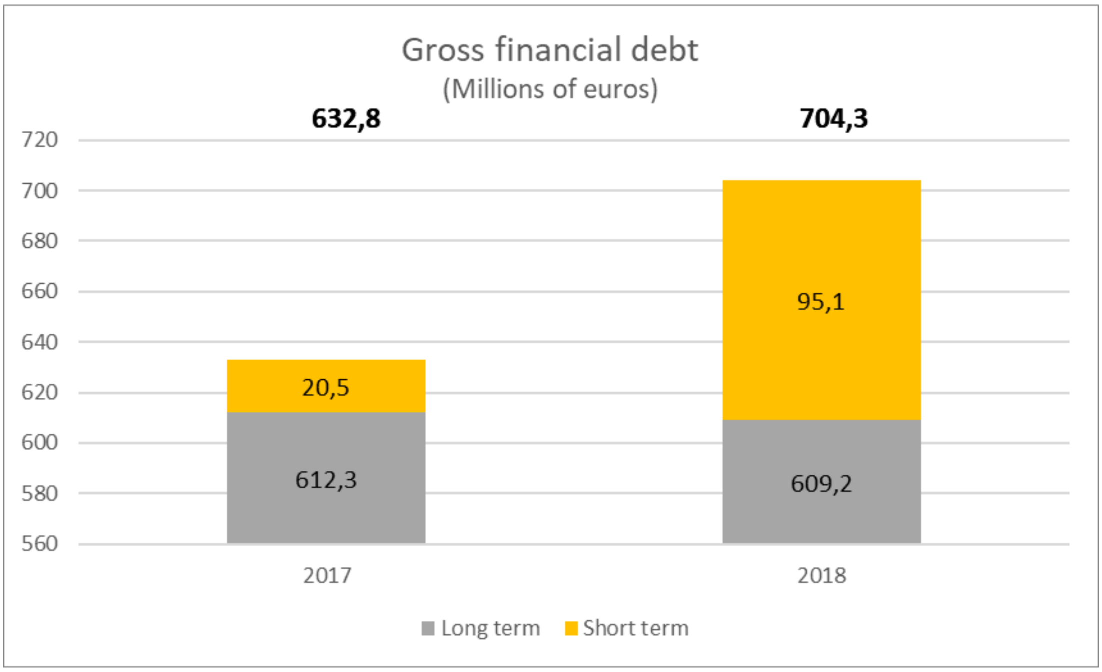
c) On 28 April 2017, Prosegur Cash, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70 million for a 3-year term. At 31 December 2018 the drawn down capital corresponding to the loan amounts to AUD 70 million (equivalent to EUR 45.6 million at 31 December 2017).

d) On 4 December 2017, Prosegur Cash, S.A. launched a EUR 600 million bond issue maturing on 4 February 2026. The bonds trade in the secondary market—the Irish Stock Exchange—accruing an annual coupon of 1.38%, payable at the end of each year.

Long-term gross financial debt maturing over one year has reached at the end of 2018 the amount of EUR 609.2 million (EUR 612.3 million in 2017), basically comprising the bond issued on 4 December 2017, maturing in 2026.

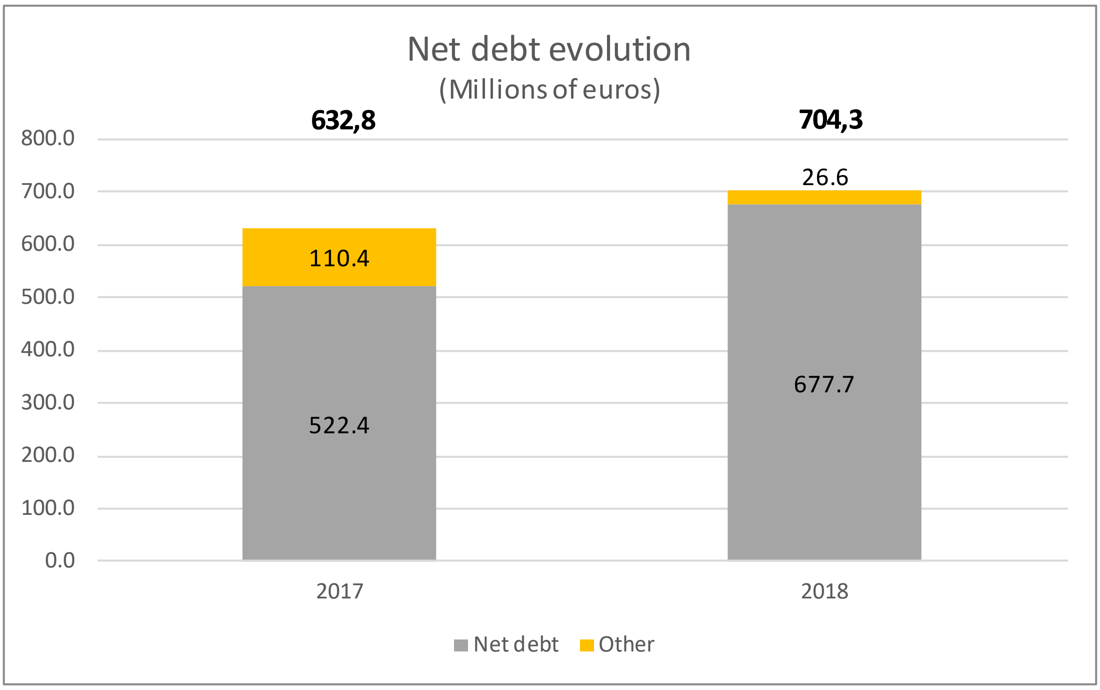
Current gross financial debt totals EUR 95.1 million (EUR 20.5 million in 2017) mainly due to loans with credit institutions.

The current and non-current maturities of gross financial debt are distributed as follows:



No significant changes are expected in 2019 in 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 2018.

Comparison of gross debt and net debt from 2017 and 2018 is shown in this table:



Analysis of contractual obligations and off balance sheet obligations

At 31 December 2018 there are no commitments to the sale of assets or of any other nature.

4. Main risks and uncertainties

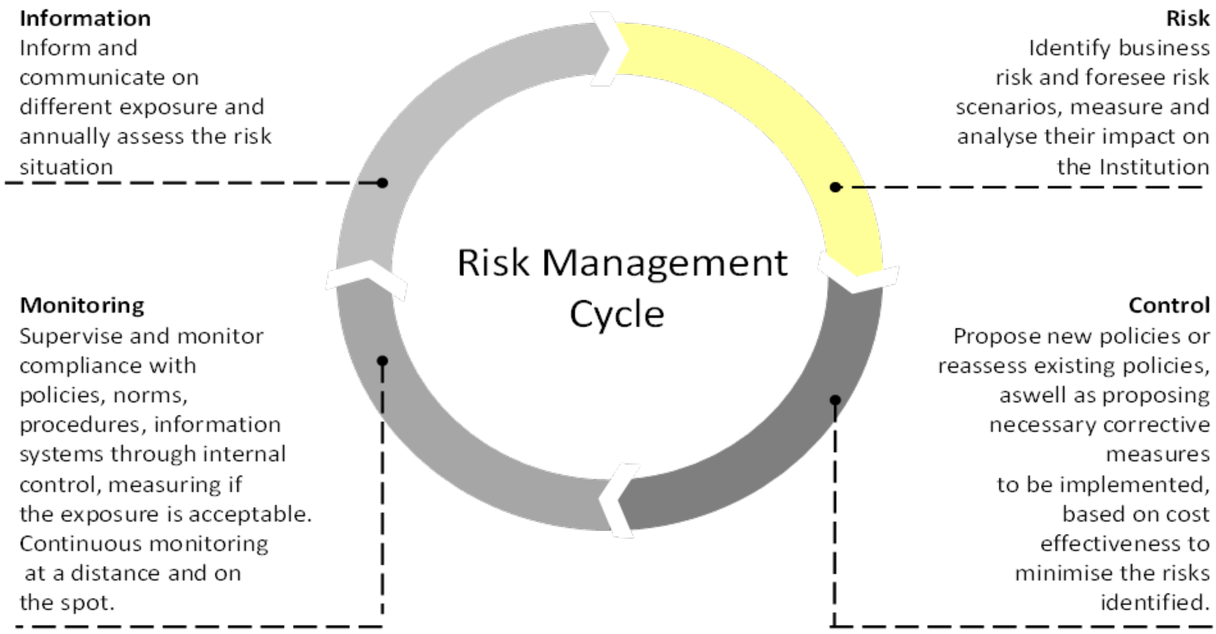
The Prosegur Cash Risk Management system is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system and works together with applied standards in the main clients of financial industry, such as Basel III, and the ISO 31000 standards. The maximum responsibility for risk management falls on the Board of Directors. Among the basic responsibilities of the Audit Committee are to supervise the efficiency of internal control and risk management systems, to verify their suitability and integrity and to review the designation and replacement of the persons responsible.

The main risks identified are:

- Regulatory risk. Regulatory non-compliance, including laws concerning labour and social security, tax, arms control or anti-money laundering in each market and/or as a whole. Adverse changes in regulatory conditions, including tax legislation, or restrictions on obtaining or renewing permits and licences.
- Risks relating to incidents involving assets guarded or loss of cash. Insufficient insurance cover.
- Transactions in markets with a temporary reduction in demand. Prolonged reduction in the use of cash.
- Transactions in highly competitive markets. Pressure on prices and margins. Economic environment.
- Reputational Risk. Negative publicity in connection with the company. Loss of confidence.
- Financial risks, including changes in interest rates or exchange rates, counterparty and tax risks.
- Failures or incidents in the IT infrastructure.
- Loss or theft of confidential information on clients or pertaining to the company. Cyberattacks, security breaches and IT failures.
- Inadequate management of labour costs.
- Decline in liquidity generation or in cash management.

4.1. Operational Risks

The Prosegur Cash risk management cycle is the following:



Regulatory risk

The security sector is subject to a variety of regulations that are constantly changing and are applicable to the activities of the Group and its clients all over the world. Increasing regulations in the regions where Prosegur Cash conducts its business could have a substantial adverse effect on its activity, financial situation and operating income.

Specifically, Prosegur Cash's activity is directly and indirectly affected by legislation, regulations and administrative requirements of local, regional and national authorities of the countries where it operates, and the special requirements of other entities, such as insurance companies and organisations within the sector. Certain aspects of Prosegur Cash's activity are subject to licensing requirements. Furthermore, many countries require permits for security services, including for carrying weapons when armoured vehicles are used to transport goods. The Group depends on maintaining these licences and permits, and on renewing them where appropriate. Similarly, many of the Group's clients, such as financial institutions, are subject to regulations, and if these regulations change they may indirectly have a material adverse effect on the Group's business, financial situation and operating income.

There is no guarantee that legislation, regulations and requirements imposed by authorities and other entities will not change in the future and, accordingly, alter the conditions of the Group's activity. The authorities may introduce new guidelines concerning requirements for specific practices, security solutions and training and certification of staff. The Group could be required to effect changes in its operations or additional investments to adapt to new or amended laws or standards, such as increasing the number of staff manning an armoured vehicle or using cash degradation mechanisms, such as staining bank notes to render them unusable in the event of robbery. These changes and the relevant investments could have a substantial adverse impact on the Group's business, financial situation and operating income. Likewise, a reduction or easing of local regulations could result in increased competition for the Group due to the entry of new participants in the market or a larger number of smaller competitors. Moreover, failure to comply with applicable laws or regulations could lead to sizeable finds or the revocation of the Group's permits and operating licences, which would also have a substantial adverse effect on its business, financial activity and operating income.

Prosegur strives to ensure regulatory compliance and the management of operational and regulatory compliance risks, in view of their impact on the commitments undertaken with stakeholders and, in particular, with clients.

Regulatory risks are mitigated by identifying the risk at an operational level, regularly assessing the control environment and implementing and continuously monitoring programmes to ensure the proper operation of controls implemented.

The local Business Areas define the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels, at an operational control level and in regard to regulatory compliance. For this purpose there are standard procedures in place in all the countries where the group operates, consistent with the requirements of regulations applicable in each case.

Likewise, Management plays a crucial role in compliance with all regulations affecting the Prosegur Cash Group. With regard to regulations affecting the prevention of money laundering, it has money laundering prevention units (MLPUs) in those countries where it is subject to applicable regulations (Spain, Australia and all Latam countries where it operates). These units focus on implementing control and supervisory measures to prevent the cash in transit business from being used to launder funds.

Operational risks

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.

We would highlight the monitoring duties carried out by the Security Area in traceability control and monitoring processes of operations carried out in the transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or differences in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of loss.

Client concentration

The Prosegur Cash Group does not have significant concentrations of clients. Note 29.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur Cash Group.

4.2. Financial risks

Interest rate risk

Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2018, the majority of Prosegur Cash Group's financial liabilities at floating 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 profit/(loss) of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. These scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Exchange rate risk

Prosegur Cash is exposed to foreign currency exchange risks arising from its revenues being generated in various currencies (mainly Brazilian real, Argentine, Colombian, Chilean and Mexican pesos, Peruvian sol and Australian dollar), while its functional 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 these margins in Euros would continue to be affected). Fluctuations in exchange rates may also affect the company's financing costs for instruments denominated in currencies other than the Euro. While some of these effects can be offset by corresponding inflation fluctuations, this will not necessarily be the case.

In general, Prosegur Cash does not use currency derivatives to hedge its expected future operations and cash flows, so exchange rate fluctuations may have an adverse effect on the business and, accordingly, the company's financial situation and profit/(loss).

The natural coverage made by Prosegur Cash Group is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated and it is possible to time the investments made in each country based on operating requirements.

The debt in EUR represents almost all of the financial debt.

Note 14 of the Prosegur Cash's Individual Annual Accounts reflects the value of financial liabilities in the various currencies.

Credit risk

The Credit and Collection Departments of each of the countries in which the Prosegur Cash Group operates carries 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's 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). Restrictions on counterparty risk are clearly defined in the corporate policies of the Finance Department and updated credit limits and levels are periodically published.

5. Average payment period to suppliers

The average payment period to suppliers in 2018 was 52 days (49 days in 2017).

6. Important circumstances after the reporting period

On 7 February 2019, Prosegur Cash, S.A.'s syndicated loan, of up to EUR 300,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024, with the option of another two-year extension if the issuer agrees.

7. Information on the foreseeable performance of the entity

Unlike 2018, which was shaped by a deterioration in conditions for accessing international financial markets and the depreciation of emerging currencies, the outlook for 2019 is more optimistic, mainly because there is more certainty relating to the Brazilian economy and because the slower pace of tightening of monetary conditions in the United States may translate into more favourable prospects for emerging economies.

Nevertheless, those economies presenting sizeable external imbalances and/or high levels of indebtedness should be closely monitored, since they will likely continue to face adverse financial conditions.

The presidential election in Argentina, one of Prosegur Cash's main markets, scheduled for October, could introduce uncertainty towards the end of the year.

Against this macroeconomic backdrop, the company will remain focused on developing its business in new products, where it expects to post significant growth. Moreover, the company expected to increase its profitability in local terms in those countries where it operates, and to continue strengthening its internal control procedures to guarantee the maximum efficiency in the various businesses and to optimise cash generation.

Latam currencies are expected to depreciate over the course of 2019, albeit less so than in the previous year. In this connection, the company hopes to be able to mitigate the impact of this on the basis of potential development in the region, greater access to the retail market and its capacity to secure client loyalty and offer them the very best services.

The excellent profit/(loss) obtained in the past by the sales teams in the Latam region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturity process, allows us to approach 2019 with optimism.

The experience acquired in each of these markets over the years have enabled us to develop a successful business model that minimises the impact of events affecting the normal course of business, such as the recession in Brazil, the currency exchange restrictions in Argentina, the devaluation of currencies in the region, while at the same time enabling us to maintain or improve profit/(loss) in the countries where we operate.

Meanwhile, the improving economic environment in Europe will gently drive business growth in most of the countries where we operate, except for France, where the company expects to recover some of the ground lost in 2018. The company is in the midst of an expansion plan that will strengthen its position in France and is aimed at gradually clawing back part of the volume lost over the next few years.

In any event, the company plans to continue evidencing its excellent capacity for adaptation to various situations 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 burgeoning favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services.

Lastly, with regard to the AOA region, the company faces the challenge of completing optimisation of its recently acquired operations in the Philippines and resuming growth in Australia. In this connection, the launch of certain commercial and operational initiatives lead us to be much more optimistic with a view to 2019.

The ample financial structure, with limited levels of leveraging, coupled with the capacity to generate cash, positions the Prosegur Cash Group in an excellent position to continue to pursue its inorganic growth strategy without compromising the limitations on debt levels the company has imposed on itself and that are even more stringent than those included in the available bank financing or required by the rating agencies for investment grade companies. The company plans to grow by entering markets with high growth potential, thereby diversifying risks and opportunities.

In conclusion, in order to tackle the major challenges coming up over the next few years, it is worth noting that the company has excellent growth levers, one of the world's best platforms for transporting funds and handling cash, with a notable presence in emerging markets, unequalled by any competitor, and optimal solvency and financial solidity to drive its expansion. The next few years will focus both on traditional organic growth and expansion via new products, maintaining current profitability levels, and on consolidating its leadership, gaining market share and enhancing its image as a global flagship in its sector.

Estimates and opinions regarding the future development and profit/(loss) at Prosegur Cash's businesses are subject to risks, uncertainties, changes in circumstances and other factors that may lead the actual profit/(loss) to differ materially from forecasts.

8. Acquisition/disposal of own shares

On 8 May 2017, the company arranged a liquidity contract in accordance with regulations applicable at that time. Prior to signing this agreement, the company did not have treasury stock. The operating process prior to the liquidity contract to set up treasury stock ended on 8 June 2017, having attained treasury stock of 1,000,000 shares. The liquidity contract came into operation on 9 June 2017 and ended on 10 July, when contract agreement was terminated. On 7 July 2017, the company signed a new liquidity agreement, entering into force on 11 July 2017, in accordance with the new legislation, commencing operations again to boost the contractual liquidity.

At 2018 year end, Prosegur Cash, S.A.'s treasury stock amounted to 1,057,307 shares (787,474 shares in 2017), of which 602,496 are linked to the liquidity contract (295,789 in 2017).

9. Alternative Performance Measures

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

APM	Definition and calculation	Purpose
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 software 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 growth, CAPEX will 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 with the total revenue.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

The reconciliation of Alternative Performance Measures is as follows:

CAPEX (Millions of Euro)	**31.12.2018**	**31.12.2017**
Technical installations and machinery	53	22
Other installations and furniture	64	4
Armoured vehicles and other property, plant and equipment	15	21
Subtotal: Property, Plant and Equipment additions	132	47
Software additions	420	215
Total CAPEX	**552**	**262**

Adjusted EBIT Margin (Millions of Euro)	**31.12.2018**	**31.12.2017**
EBIT	145,880.00	139,705.19
Revenues	161,789.00	156,492.19
Adjusted EBIT Margin	**90.2%**	**89.3%**

Net Financial Debt (Millions of Euro)	**31.12.2018**	**31.12.2017**
Financial liabilities **(A)**	704291	632795
Cash and cash equivalents **(B)**	(2,286)	(89,989)
Less: other financial current assets **(C)**	0	0
Total Net Financial Debt (A+B+C)	702,005	542,806
Less: other non-bank payables **(D)**	(24,348)	(20,382)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payaments for M&A acquisitions) **(A+B+C+D)**	**677,657**	**522,424**

EBITA (Millions of Euro)	**31.12.2018**	**31.12.2017**
Consolidated profit for the year	135,618	127,155
Income tax expenses	-3,283	-5,484
Net finance income / costs	13,546	18,034
Amortizations	2,735	739
EBITA	**148,616**	**140,444**

EBITDA (Millions of Euro)	**31.12.2018**	**31.12.2017**
Consolidated profit for the year	135,618	127,155
Income tax expenses	-3,283	-5,484
Net finance income / costs	13,546	18,034
Depreciation and amortization	2,828	2,596
EBITDA	**148,708**	**142,301**

10. Other significant information

Stock market information

Prosegur Cash focuses its efforts in the creation of value for its shareholders. Improving profit/(loss) and transparency, as well as rigour and credibility, are what guides the company's actions.

The company's corporate website features the policy that governs its relationship with shareholders and investors, as approved by its Board of Directors. In this connection it undertakes to foster effective and open communication with all shareholders, at all times ensuring that the information it provides is both coherent and clear. Moreover, the company seeks to maintain transparent and regular contact with its shareholders, so as to nurture mutual understanding of their goals.

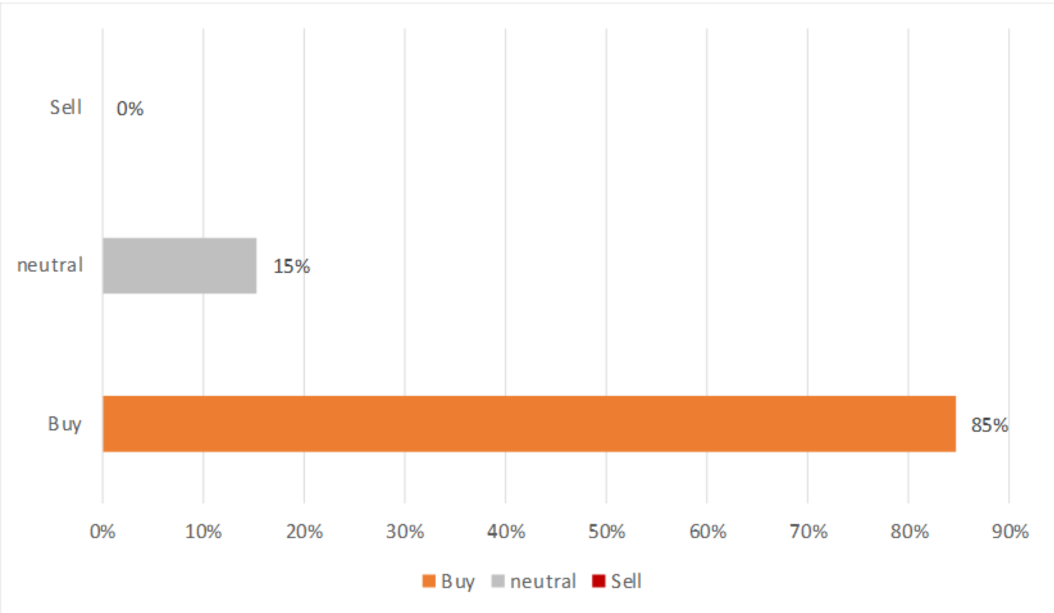
In order to fulfil our commitment to transparency, the company tries to provide all its financial and strategic communications in an open and coherent manner, ensuring, wherever possible, the use of simple language to make them comprehensible, and that the information shows a fair, balanced and understandable view of the situation and prospects of Prosegur Cash.

The company is open to receiving comments and suggestions for improvement, which may be submitted through the specific channels for this purpose mentioned on the website and/or in the investor communication policy.

Finally, in order to present the financial information to investors, the company reports its profit/(loss) quarterly via webcast (on its website). The company's profit/(loss) presentation is led by the Chief Financial Officer and the Director of Investor Relations, and, on an annual basis, by the Executive Director.

Analysts coverage

The recommendations of the 13 investment companies that follow Prosegur Cash are as follows:



On 31 December 2018, Prosegur Cash's share price closed at EUR 1.93, i.e. 28% lower than in the previous December.

Main shareholders

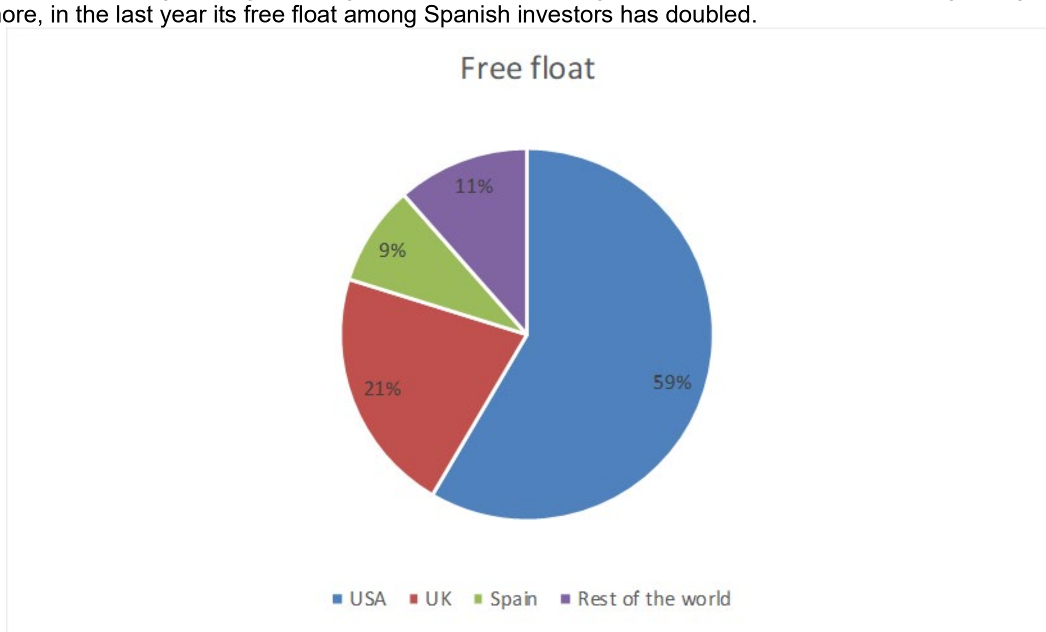
The shareholding structure of Prosegur Cash reflects its solidity and stability.

At 31 December 2018, 72.50% of share capital belongs directly or indirectly to Prosegur, whereas the remaining 27.5% is free float, with notable holdings belonging to FMR (6.645%), Oppenheimer (4.992%) and Fidelity Investment Trust (3.806%).

The composition of the Board of Directors enables the management bodies to define the strategic lines and decisions in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, 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 free float

On the international stage and given its growth potential, Prosegur Cash is well accepted among foreign investors. Furthermore, in the last year its free float among Spanish investors has doubled.



Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2018 forms part of the Directors' Report and as of the date of publication of the Annual Accounts is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes section 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 FINANCIAL INFORMATION FOR 2018

The members of the board of directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the individual annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2018, authorised for issue by the board of directors at the meeting held on 25 February 2019 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and profit/(loss) of Prosegur Cash, S.A., and that the respective individual directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Cash, S.A., together with the main risks and uncertainties facing the group.

Madrid, 25 February 2019

Mr Christian Gut Revoredo
Executive President

Mr Pedro Guerrero Guerrero
Vice-President

Mr José Antonio Lasanta Luri
Executive Director

Ms Chantal Gut Revoredo
Director

Mr Antonio Rubio Merino
Director

Mr Claudio Aguirre Pemán
Director

Ms María Benjumea Cabeza de Vaca
Director

Ms Ana Inés Sainz de Vicuña Bemberg
Director

Mr Daniel Guillermo Entrecanales Domecq
Director

DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The consolidated Annual Accounts of Prosegur Cash, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with 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 their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using 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. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2018. 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 Annual Accounts, 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 Javier Hergueta Vázquez
Chief Financial Officer