

**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES**

**Condensed Interim Consolidated Financial Statements  
for the six-month period ended 30 June 2015**

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

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**I. CONSOLIDATED INCOME STATEMENT (EXPENSES BY FUNCTION)**

(In thousands of Euros)

|   | Notes | Six-month period ended 30 June |                |
|---|-------|--------------------------------|----------------|
|   |       | 2015                           | 2014           |
| Revenues  | 5     | 1,952,576                      | 1,809,557      |
| Costs to sell   | 6, 7  | (1,509,135)                    | (1,411,309)    |
| <b>Gross profit</b>   |       | <b>443,441</b>                 | <b>398,248</b> |
| Other income  |       | 11,954                         | 11,767         |
| Sale and administrative expenses  | 6, 7  | (297,093)                      | (270,117)      |
| Other expenses  | 8     | (14,876)                       | (9,232)        |
| Investments accounted for using the equity method   | 13    | (721)                          | (223)          |
| <b>Operating profit/(loss) (EBIT)</b>   |       | <b>142,705</b>                 | <b>130,443</b> |
| Finance income  | 9     | 3,069                          | 167            |
| Finance expenses  | 9     | (26,196)                       | (27,034)       |
| Net financial expenses  | 9     | (23,127)                       | (26,867)       |
| <b>Profit before tax</b>  |       | <b>119,578</b>                 | <b>103,577</b> |
| Income tax  | 20    | (42,600)                       | (37,290)       |
| <b>Post-tax profit from continuing operations</b>   |       | <b>76,978</b>                  | <b>66,286</b>  |
| Profit/(loss) for the year from discontinued operations   |       | -                              | -              |
| <b>Consolidated profit for the period</b>   |       | <b>76,978</b>                  | <b>66,286</b>  |
| Attributable to:  |       |                                |                |
| Non-controlling interests   |       | (578)                          | 155            |
| Owners of the Parent  |       | 77,556                         | 66,131         |
| <b>Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)</b>   |       |                                |                |
| - Basic   | 16    | 0.13                           | 0.11           |
| - Diluted   | 16    | 0.13                           | 0.11           |
| <b>Earnings per share from discontinued operations attributable to the owners of the parent (Euros per share)</b> |       |                                |                |
| - Basic   |       | -                              | -              |
| - Diluted   |       | -                              | -              |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements.

## II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euros)

|   | Six-month period ended 30 June |               |
|---|--------------------------------|---------------|
|   | 2015                           | 2014          |
| <b>Profit for the period</b>  | <b>76,978</b>                  | <b>66,286</b> |
| <b>Other comprehensive income:</b>                                    |                                |               |
| <b>Items which are reclassified to profit and loss:</b>               |                                |               |
| Translation differences of financial statements of foreign operations | (21,334)                       | (11,050)      |
| <b>Total comprehensive income for the period, net of tax</b>          | <b>55,644</b>                  | <b>55,236</b> |
| Attributable to:  |                                |               |
| - Owners of the parent  | 55,322                         | 55,264        |
| - Minority interests  | 322                            | (28)          |
|   | <b>55,644</b>                  | <b>55,236</b> |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements.

**III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION****ASSETS**

(In thousands of Euros)

|   | Note | 30 June<br>2015  | 31 December<br>2014 |
|---|------|------------------|---------------------|
| <b>ASSETS</b>                                     |      |                  |                     |
| Property, Plant and Equipment                     | 11   | 511,877          | 506,539             |
| Goodwill  | 11   | 526,039          | 532,219             |
| Intangible assets                                 | 11   | 292,229          | 324,273             |
| Inversiones inmobiliarias                         | 11   | 85,073           | 46,529              |
| Available-for-sale financial assets and others    | 12   | 8,718            | 11,627              |
| Deferred tax assets                               |      | 177,714          | 180,982             |
| Investments accounted for using the equity method | 13   | 12,569           | 12,580              |
| <b>Non-current assets</b>                         |      | <b>1,614,219</b> | <b>1,614,749</b>    |
| Inventories                                       | 15   | 73,656           | 59,646              |
| Customers and other receivables                   |      | 985,083          | 949,615             |
| Current tax assets                                |      | 65,334           | 94,327              |
| Non-current assets held for sale                  |      | 448              | 448                 |
| Other financial assets                            | 12   | 432              | 8,441               |
| Cash and cash equivalents                         | 14   | 248,690          | 285,056             |
| <b>Current assets</b>                             |      | <b>1,373,643</b> | <b>1,397,533</b>    |
| <b>Total assets</b>                               |      | <b>2,987,862</b> | <b>3,012,282</b>    |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements.

**LIABILITIES**

(In thousands of Euros)

|                                       | Note | 30 June<br>2015  | 31 December<br>2014 |
|---------------------------------------|------|------------------|---------------------|
| <b>EQUITY</b>                         |      |                  |                     |
| Share capital                         | 16   | 37,027           | 37,027              |
| Share premium                         | 16   | 25,472           | 25,472              |
| Acciones propias                      | 16   | (53,493)         | (53,493)            |
| Other equity instruments              |      | -                | 3,401               |
| Cumulative translation differences    |      | (267,390)        | (245,156)           |
| Ganancias acumuladas y otras reservas |      | 1,098,039        | 1,085,402           |
|                                       |      | 839,655          | 852,653             |
| Intereses minoritarios                |      | 144              | 11,408              |
| <b>Total equity</b>                   |      | <b>839,799</b>   | <b>864,061</b>      |
| <b>LIABILITIES</b>                    |      |                  |                     |
| Pasivos financieros                   | 19   | 713,200          | 712,222             |
| Deferred tax liabilities              |      | 133,401          | 148,491             |
| Non-current provisions                | 17   | 203,809          | 205,475             |
| Other non-current liabilities         |      | 12               | 18                  |
| <b>Non-current liabilities</b>        |      | <b>1,050,422</b> | <b>1,066,206</b>    |
| Trade and other payables              |      | 738,279          | 681,235             |
| Current tax liabilities               |      | 53,871           | 88,285              |
| Financial liabilities                 | 19   | 262,301          | 251,634             |
| Provisions                            | 17   | 8,467            | 22,189              |
| Other liabilities and expenses        |      | 34,723           | 38,672              |
| <b>Current liabilities</b>            |      | <b>1,097,641</b> | <b>1,082,015</b>    |
| <b>Total liabilities</b>              |      | <b>2,148,063</b> | <b>2,148,221</b>    |
|                                       |      | 2,987,862        | 3,012,282           |
| <b>Total equity and liabilities</b>   |      | <b>2,987,862</b> | <b>3,012,282</b>    |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements.

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

YEAR ENDED 30 JUNE 2015

(In thousands of Euros)

|  | Attributable to shareholders of the Company |                         |                      |                                    |                                    |                                      |                | Non-controlling interests | Total equity   |
|--|---|-------------------------|----------------------|------------------------------------|------------------------------------|--------------------------------------|----------------|---------------------------|----------------|
|  | Share capital (Note 16)                     | Share premium (Note 16) | Own shares (Note 16) | Other equity instruments (note 16) | Cumulative translation differences | Retained earnings and other reserves | Total          |                           |                |
| <b>Balance at 01 January 2015</b>                            | 37,027                                      | 25,472                  | (53,493)             | 3,401                              | (245,156)                          | 1,085,402                            | 852,653        | 11,408                    | 864,061        |
| Total comprehensive income for the period ended 30 June 2015 | -   | -                       | -                    | -                                  | (22,234)                           | 77,556                               | 55,322         | 322                       | 55,644         |
| Remuneration in equity instruments                           | -   | -                       | -                    | -                                  | -                                  | -                                    | -              | -                         | -              |
| Changes in the consolidated group                            | -   | -                       | -                    | -                                  | -                                  | -                                    | -              | -                         | -              |
| Accrued share-based incentive commitments                    | -   | -                       | -                    | -                                  | -                                  | -                                    | -              | -                         | -              |
| Share-based incentives exercised by employees                | -   | -                       | -                    | -                                  | -                                  | -                                    | -              | -                         | -              |
| Acquisition/sale of own shares                               | -   | -                       | -                    | -                                  | -                                  | -                                    | -              | -                         | -              |
| 2014 dividend  | -   | -                       | -                    | -                                  | -                                  | (65,947)                             | (65,947)       | -                         | (65,947)       |
| Other changes  | -   | -                       | -                    | (3,401)                            | -                                  | 1,028                                | (2,373)        | (11,586)                  | (13,959)       |
| <b>Balance at 30 June 2015</b>                               | <b>37,027</b>                               | <b>25,472</b>           | <b>(53,493)</b>      | <b>-</b>                           | <b>(267,390)</b>                   | <b>1,098,039</b>                     | <b>839,655</b> | <b>144</b>                | <b>839,799</b> |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements



**PERIOD ENDED 30 JUNE 2014**

(In thousands of Euros)

|  | Attributable to shareholders of the Company |                         |                      |                                    |                                    |                                      |                | Non-controlling interests | Total equity   |
|--|---|-------------------------|----------------------|------------------------------------|------------------------------------|--------------------------------------|----------------|---------------------------|----------------|
|  | Share capital (Note 16)                     | Share premium (Note 16) | Own shares (Note 16) | Other equity instruments (note 16) | Cumulative translation differences | Retained earnings and other reserves | Total          |                           |                |
| <b>Balance at 01 January 2014</b>                            | 37,027                                      | 25,472                  | (125,180)            | 3,171                              | (226,337)                          | 940,700                              | 654,853        | (329)                     | 654,524        |
| Total comprehensive income for the period ended 30 June 2014 | -   | -                       | -                    | -                                  | (10,867)                           | 66,131                               | 55,264         | (28)                      | 55,236         |
| Remuneration in equity instruments                           |   |                         |                      |                                    |                                    |                                      | -              |                           | -              |
| Changes in the consolidated group                            |   |                         |                      |                                    |                                    |                                      | -              |                           | -              |
| Accrued share-based incentive commitments                    | -   | -                       | -                    | 677                                | -                                  | -                                    | 677            | -                         | 677            |
| Share-based incentives exercised by employees                | -   | -                       | 132                  | -                                  | -                                  | 44                                   | 176            | -                         | 176            |
| Acquisition/sale of own shares                               | -   | -                       | 71,555               | -                                  | -                                  | 50,370                               | 121,925        | -                         | 121,925        |
| 2013 dividend  | -   | -                       | -                    | -                                  | -                                  | (65,947)                             | (65,947)       | -                         | (65,947)       |
| Other changes  | -   | -                       | -                    | (1,442)                            | -                                  | 1,023                                | (419)          | 10,843                    | 10,424         |
| <b>Balance at 30 June 2014</b>                               | <b>37,027</b>                               | <b>25,472</b>           | <b>(53,493)</b>      | <b>2,406</b>                       | <b>(237,204)</b>                   | <b>992,321</b>                       | <b>766,529</b> | <b>10,486</b>             | <b>777,015</b> |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements

## V. CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Euros)

|   | Note  | Six-month period ended 30 June |                 |
|---|-------|--------------------------------|-----------------|
|   |       | 2015                           | 2014            |
| <b>Cash flows from operating activities</b>                             |       |                                |                 |
| <b>Profit/(loss) for the year</b>                                       |       | <b>76,978</b>                  | <b>66,286</b>   |
| <i>Adjustments for:</i>   |       |                                |                 |
| Depreciation and amortisation   | 6, 11 | 64,110                         | 57,408          |
| Impairment losses on non-current assets                                 | 8     | 9,656                          | 53              |
| Impairment losses on trade receivables and stocks                       | 8, 15 | 5,037                          | 7,539           |
| Impairment losses on other financial assets                             | 9     | 3,027                          | 10,000          |
| Other comprehensive income  |       | (10,392)                       | -               |
| Change in provisions  | 17    | 32,211                         | 25,029          |
| Share-based payment expenses  |       | -                              | (765)           |
| (Gains)/losses on financial assets at fair value through profit or loss | 9     | -                              | (1,083)         |
| Finance income  | 9     | (3,069)                        | (6,200)         |
| Finance expenses  | 9     | 23,169                         | 24,150          |
| (Gains)/losses on disposal and sale of property, plant and equipment    | 8     | 753                            | 799             |
| Income tax  | 20    | 42,600                         | 37,290          |
|   |       | <b>244,080</b>                 | <b>220,506</b>  |
| <b>Changes in working capital, net of effect of acquisitions</b>        |       |                                |                 |
| Inventories   |       | (15,042)                       | (7,569)         |
| Trade and other receivables   |       | (57,495)                       | (65,283)        |
| Trade and other payables  |       | 31,030                         | (22,472)        |
| Payment of provisions   |       | (40,962)                       | (31,722)        |
| Other current liabilities   |       | (4,670)                        | 17,900          |
| <b>Cash from operating activities</b>                                   |       | <b>156,941</b>                 | <b>111,360</b>  |
| Interest paid   |       | (19,338)                       | (29,474)        |
| Income tax paid   |       | (72,904)                       | (52,828)        |
| <b>Net cash from operating activities</b>                               |       | <b>64,699</b>                  | <b>29,058</b>   |
| <b>Cash flows from investing activities</b>                             |       |                                |                 |
| Proceeds from sale of financial assets                                  |       | 8,009                          | 764             |
| Interest and dividend received  |       | 114                            | 168             |
| Acquisition of subsidiaries, net of cash and cash equivalents           | 22    | (2,280)                        | (3,153)         |
| Acquisition of property, plant and equipment                            |       | (52,027)                       | (45,879)        |
| Acquisition of intangible assets  |       | (6,769)                        | (5,360)         |
| Acquisition of property investment                                      |       | (38,245)                       | (17,990)        |
| Acquisition of financial assets   |       | (118)                          | (607)           |
| <b>Net cash from investing activities</b>                               |       | <b>(91,316)</b>                | <b>(72,057)</b> |
| <b>Cash flows from financing activities</b>                             |       |                                |                 |
| Proceeds from the disposal of own shares and equity instruments         |       | -                              | 121,925         |
| Proceeds from loans and borrowings                                      |       | 76,346                         | 158,115         |
| Payments for loans and borrowings                                       |       | (34,626)                       | (213,078)       |
| Payments for other financial liabilities                                |       | (21,387)                       | (28,832)        |
| Dividends paid  | 16    | (31,950)                       | (31,950)        |
| <b>Net cash from financing activities</b>                               |       | <b>(11,617)</b>                | <b>6,180</b>    |
| Net increase/(decrease) in cash and cash equivalents                    |       | (38,234)                       | (36,819)        |
| Cash and cash equivalents at the beginning of year                      |       | 285,056                        | 292,942         |
| Effect of exchange differences  |       | 1,868                          | (4,606)         |
| <b>Cash and cash equivalents at year end</b>                            |       | <b>248,690</b>                 | <b>251,517</b>  |

The Notes on pages 11 to 48 form an integral part of the condensed interim consolidated financial statements

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

### 1. General Information

Prosegur is a business group formed by Prosegur Compañía de Seguridad, S.A. (hereinafter the Company) and its subsidiaries (collectively, Prosegur), which provides private security services in the following countries: Spain, Portugal, France, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China and Australia.

Prosegur is organised into the following geographical areas:

- Europe-Asia-Pacific
- Latin America (LatAm)

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

- Comprehensive security solutions (CSS)
- Cash in Transit (CIT-CP)
- Alarms

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.

Prosegur Compañía de Seguridad, S.A. is a limited liability company whose shares are listed on the Madrid and Barcelona stock exchanges and traded through the Spanish Stock-Exchange Interconnection System (electronic trading system) (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is entered in the Mercantile Register of Madrid. The registered offices of Prosegur Compañía de Seguridad, S.A. are at Calle Pajaritos, 24, Madrid (Spain).

The corporate object is described in Article 2 of its Articles of Association. The main services and activities provided by the Company by means of its dependent companies are as follows:

- Security patrol and protection of premises, goods and individuals.
- 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 installation and maintenance of security equipment, devices and systems.

The individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. for 2014 have been approved by the shareholders at the AGM held on 28 April 2015.

### **Structure of Prosegur**

Prosegur Compañía de Seguridad, S.A. is the parent company of the Group formed by the subsidiaries specified in Appendix I to the notes to the consolidated annual accounts at 31 December 2014. In addition, Prosegur has Joint Arrangements (Note 15 and Appendix II to the notes to the consolidated annual accounts at 31 December 2014).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 16 of the notes to the consolidated annual accounts at 31 December 2014).

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in Note 35.2 to the consolidated annual accounts at 31 December 2014.

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

These condensed interim consolidated financial statements of Prosegur for the six-month period ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Pursuant to IAS 34, interim financial reporting is only intended to provide an update on the content of the latest consolidated annual accounts prepared by Prosegur, focusing on new activities, events and circumstances which have occurred in the six-month period ended 30 June 2015, and without repeating the information previously published in the consolidated annual accounts for 2014.

On this basis, and to properly understand the information disclosed in these condensed interim consolidated financial statements, they should be read in conjunction with the consolidated annual accounts of Prosegur for the year ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards (IFRS), adopted for use in the European Union and approved by the European Commission Regulations currently in force and other applicable financial reporting regulations.

The estimates included herein are based on the best information available, and are the same as those reflected in the notes to the consolidated annual accounts for 2014. During the six-month period ended 30 June 2015, there have been no significant changes to the estimates made at the 2014 year end.

Except as detailed in Appendix I, the accounting policies applied in the accompanying condensed interim consolidated financial statements at 30 June 2015 are consistent with those applied in the preparation of the consolidated annual accounts of Prosegur at 31 December 2014, details of which are provided in Note 35 thereto.

The Corporate Income Tax expense for the six-month period ended 30 June 2015 has been calculated using the tax rate expected to apply to profit and loss for the year.

### **Comparative information**

The condensed interim consolidated financial statements, consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the condensed interim consolidated financial statements for the six-month period ended 30 June 2015 include comparative figures for the prior year.

## **3. Changes to the Group's structure**

Appendix I to the consolidated annual accounts for the year ended 31 December 2014 includes important information on the consolidated Group companies at that date.

During the first half of year 2015, the following merger took place between Prosegur subsidiaries:

- ✓ In March 2015, Transvig - Transporte de Valores e Vigilância LTDA merged with and into Prosegur Brasil S.A. Transportadora de Valores e Segurança in Brazil.

Moreover, in the first half of year 2015, the following companies have been incorporated:

- ✓ The companies Prosegur Global SIS, S.L.U and Prosegur Global CIT, S.L.U. were incorporated in Spain in January 2015.
- ✓ The companies Prosegur Vigilancia España, S.L.U. and Prosegur Alarmas España, S.L.U. were incorporated in Spain in February 2015.
- ✓ The companies Prosegur International CIT 1, S.L.U., Prosegur International CIT 2, S.L.U., Prosegur Global Alarmas ROW, S.L.U. and Prosegur Global CIT ROW, S.L.U. and Prosegur Global SIS ROW, S.L.U. were incorporated in Spain in May 2015.
- ✓ The companies Prosegur Berlín, S.L.U. and Prosegur BPO España, S.L.U. were incorporated in Spain in June 2015.
- ✓ The company Prosegur Agencia, Promoção e Comercialização de Produtos e Serviços, Unipessoal, LDA was incorporated in Portugal in June 2015.

## **4. Significant events subsequent to year-end 2014**

In addition to the matters mentioned in Note 3 concerning changes to the Group's structure, details of the most important transactions and events that have occurred during the first half of 2015 are as follows:

On 18 March 2015, the syndicated loan contracted on 12 June 2014 for a total of 400,000 thousand euros was renewed. The renewal mainly supposed a change in the maturity until 18 March 2020.

On 22 April the National Commission of Stock Markets and Competition lodged a case to sanction the Company and its subsidiary Prosegur España, S.L. along with another competitor on the Spanish market, for possible restrictive practices on competition prohibited in article 1 of Law 15/2007 of 3 July in defence of competition, and article 101 of the Treaty of Operation of the European Union. The lodging of this case does not prejudice the final result of the investigation. The maximum period for the instruction and resolution of the case is 18 months from said date.

The assessment that the National Commission of Stock Markets and Competition makes might result in additional liabilities at the end of the proceedings. 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.

## 5. Revenues

Details of revenues for the periods ended 30 June 2015 and 2014 are as follows:

|                          | <b>Thousands of euros</b>   |                  |
|--------------------------|-----------------------------|------------------|
|                          | <b>Period ended 30 June</b> |                  |
|                          | <b>2015</b>                 | <b>2014</b>      |
| Goods sold               | 4,954                       | 15,324           |
| Services rendered        | 1,871,673                   | 1,731,073        |
| Operating lease revenues | 75,949                      | 63,160           |
| <b>Total revenues</b>    | <b>1,952,576</b>            | <b>1,809,557</b> |

Operating lease revenues are generated by alarm system rentals. When a customer rents a system, the Company receives an initial amount which is taken to the income statement over the average contract duration and a regular payment for the rental of the equipment and the service provided.

See Note 10 for further information on revenues by segment and geographical area.

## 6. Cost of sales and selling, general and administrative expenses

The main cost of sales and selling, general and administrative expenses in the income statements for the six-month periods ended 30 June 2015 and 2014 are as follows:

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|   | <b>Thousands of euros</b>   |                  |
|---|-----------------------------|------------------|
|   | <b>Period ended 30 June</b> |                  |
|   | <b>2015</b>                 | <b>2014</b>      |
| Supplies                                      | 74,943                      | 76,402           |
| Employee benefits expenses                    | 1,198,261                   | 1,088,096        |
| Operating leases                              | 25,040                      | 24,619           |
| Supplies and external services                | 109,537                     | 114,905          |
| Amortisations                                 | 28,651                      | 23,074           |
| Other expenses                                | 72,703                      | 84,213           |
| <b>Total costs to sell</b>                    | <b>1,509,135</b>            | <b>1,411,309</b> |
| Supplies                                      | 1,907                       | 1,760            |
| Employee benefits expenses                    | 148,628                     | 131,194          |
| Operating leases                              | 19,864                      | 17,430           |
| Supplies and external services                | 55,443                      | 52,501           |
| Amortisations                                 | 35,459                      | 34,334           |
| Other expenses                                | 35,792                      | 32,898           |
| <b>Total sale and administrative expenses</b> | <b>297,093</b>              | <b>270,117</b>   |

Total supplies in the consolidated income statement for the six-month period ended 30 June 2015 amount to EUR 76,850 thousand EUR (2014: 78,162 thousand EUR).

## 7. Employee benefits expenses

Details of the employee benefits expense for the six-month periods ended 30 June 2015 and 2014 are as follows:

|  | <b>Thousands of euros</b>   |                  |
|--|-----------------------------|------------------|
|  | <b>Period ended 30 June</b> |                  |
|  | <b>2015</b>                 | <b>2014</b>      |
| Salaries and wages                     | 1,031,196                   | 938,602          |
| Social Security                        | 260,804                     | 242,187          |
| Other employee benefits expenses       | 27,175                      | 22,147           |
| Severance                              | 27,714                      | 16,354           |
| <b>Total employee benefits expense</b> | <b>1,346,889</b>            | <b>1,219,290</b> |

At the General Meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for executive directors and management of Prosegur. The Plan 2014 contemplated incentives referenced to the Company's share quotation value, and in the case of the Management incentives the plan contemplated an additional fixed part in cash. The first cash payment was made in the six months ending at 30 June 2015.

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for executive directors and management of Prosegur. The 2017 Plan is generally linked to value creation during the 2015 to 2017 period and foresees the payment of value of shares incentives in cash to Company shares. The plan contemplates an additional part in cash for the Prosegur managers.

The 2017 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The Plan measures target achievement from 01 January 2015 until 31 December 2017 and length of service from 01 January 2015 until 31 December 2019. The dates for target measurement of 2015 Plan are as follows:

- Final assessment date: 31 December 2017.
- Length-of-service bonus date: 2020.

The reasonable value of the liabilities occurring as a consequence of the incentives referred to the share quotation price were estimated according to the Prosegur share quotation price at the end of the period or at the time of payment (Note 17, section f).

Salaries and wages recognised in the first half of 2015 include a total expense relative to the 2014 and 2017 Plan with an amount of 1,950 thousand EUR (at 30 June 2014: 1,575 thousand EUR).



## 8. Other expenses

Details of other expenses recognised in the income statements for the six-month periods ended 30 June 2015 and 2014 are as follows:

|   | <b>Thousands of euros</b>   |              |
|---|-----------------------------|--------------|
|   | <b>Period ended 30 June</b> |              |
|   | <b>2015</b>                 | <b>2014</b>  |
| Impairment losses on receivables                    | 4,467                       | 7,539        |
| Impairment losses on non-current assets (Note 11.3) | 9,656                       | 53           |
| Net (gains)/losses on disposal of fixed assets      | 753                         | 799          |
| Other expenses                                      | -                           | 841          |
| <b>Total other expenses</b>                         | <b>14,876</b>               | <b>9,232</b> |

## 9. Net financial expenses

Details of net financial expenses for the six-month periods ended 30 June 2015 and 2014 are as follows:

|  | <b>Thousands of euros</b>   |                 |
|--|-----------------------------|-----------------|
|  | <b>Period ended 30 June</b> |                 |
|  | <b>2015</b>                 | <b>2014</b>     |
| Interest expenses  | (14,964)                    | (16,117)        |
| Interest received  | 109                         | 28              |
| Dividend received  | 5                           | 139             |
| Net gains/(losses) on foreign currency transactions            | 2,955                       | 6,033           |
| Finance expenses on finance leases                             | (990)                       | (558)           |
| (Losses)/gains on the fair value of financial instruments      | -                           | 1,083           |
| Other losses on derivative transactions                        | -                           | (1,151)         |
| Impairment (losses)/gains of investments in equity instruments | (3,027)                     | (10,000)        |
| Other net finance income and expenses                          | (7,215)                     | (6,324)         |
| <b>Total net financial expenses</b>                            | <b>(23,127)</b>             | <b>(26,867)</b> |

In the first half of 2015, an impairment loss has been recognised on the fair value of available-for-sale financial assets totalling EUR 3,027 thousand (At 30 June 2014: 10,000 thousand EUR) (Note 12).

In 2014, Prosegur settled the derived financial instruments that it had contracted.

## 10. Segment reporting

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

The Executive Committee analyses business at parent level on two fronts: by geographical area and by activity. The two segments are identified in geographical terms: Europe & Asia and Latin America (LatAm), which, in turn, contain the segments of activity identified as comprehensive security solutions (CSS), cash in transit (CIT-CP) and alarms.

The Executive Committee uses earnings before interest and tax (EBIT) to assess segment performance, since this indicator is considered to best reflect the results of the Group's different activities.

Total assets allocated to segments do not include other current and non-current financial assets and cash equivalents, as these are managed at Prosegur Group level.

The total liabilities allocated to segments do not include debts with credit institutions, except for finance lease payables, as the financing activity is managed at Prosegur Group level.

Details of revenues by segment for the six-month periods ended 30 June 2015 and 2014 are as follows:

|                    | Europe & Asia-Pacific                   |                    | LatAm              |                    | Thousands of euros<br>Total Prosegur |                    |
|--------------------|---|--------------------|--------------------|--------------------|--------------------------------------|--------------------|
|                    | at 30 June<br>2015                      | at 30 June<br>2014 | at 30 June<br>2015 | at 30 June<br>2014 | at 30 June<br>2015                   | at 30 June<br>2014 |
|                    | <b>Comprehensive Security Solutions</b> | 465,869            | 477,052            | 513,946            | 450,995                              | 979,815            |
| % of total         | 60%                                     | 61%                | 44%                | 44%                | 50%                                  | 51%                |
| <b>CIT-CP</b>      | 259,792                                 | 251,140            | 609,483            | 542,220            | 869,275                              | 793,360            |
| % of total         | 33%                                     | 32%                | 52%                | 53%                | 45%                                  | 44%                |
| <b>Alarms</b>      | 53,484                                  | 49,451             | 50,002             | 38,699             | 103,486                              | 88,150             |
| % of total         | 7%                                      | 7%                 | 4%                 | 3%                 | 5%                                   | 5%                 |
| <b>Total sales</b> | <b>779,145</b>                          | <b>777,643</b>     | <b>1,173,431</b>   | <b>1,031,914</b>   | <b>1,952,576</b>                     | <b>1,809,557</b>   |

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Details of EBITDA and EBIT by segment are as follows:

|   | Europe & Asia-Pacific       |                    | LatAm              |                    | Thousands of euros<br>Total Prosegur |                    |
|---|-----------------------------|--------------------|--------------------|--------------------|--------------------------------------|--------------------|
|   | at 30 June<br>2015          | at 30 June<br>2014 | at 30 June<br>2015 | at 30 June<br>2014 | at 30 June<br>2015                   | at 30 June<br>2014 |
|   | Sales to external customers | 779,145            | 777,643            | 1,173,431          | 1,031,914                            | 1,952,576          |
| Other net expenses                                | 727,355                     | 731,660            | 1,014,968          | 889,823            | 1,742,323                            | 1,621,483          |
| Investments accounted for using the equity method | 721                         | 223                | -                  | -                  | 721                                  | 223                |
| EBITDA  | 51,069                      | 45,760             | 158,463            | 142,091            | 209,532                              | 187,851            |
| Amortisations                                     | 25,146                      | 24,733             | 38,964             | 32,675             | 64,110                               | 57,408             |
| Impairment losses on non-current assets           | 2,717                       | -                  | -                  | -                  | 2,717                                | -                  |
| <b>Operating profit/(loss) (EBIT)</b>             | <b>23,206</b>               | <b>21,027</b>      | <b>119,499</b>     | <b>109,416</b>     | <b>142,705</b>                       | <b>130,443</b>     |

A reconciliation of EBIT allocated to segments with net profit for the year attributable to the owners of the parent is as follows:

|   | Thousands of euros |                    |
|---|--------------------|--------------------|
|   | at 30 June<br>2015 | at 30 June<br>2014 |
| EBIT allocated to segments                                      | 142,705            | 130,443            |
| Net financial expenses  | (23,127)           | (26,867)           |
| Profit before tax   | 119,578            | 103,576            |
| Income tax  | (42,600)           | (37,290)           |
| Post-tax profit from continuing operations                      | 76,978             | 66,286             |
| Non-controlling interests                                       | (578)              | 155                |
| <b>Profit for the year attributable to owners of the Parent</b> | <b>77,556</b>      | <b>66,131</b>      |

Details of assets allocated to segments and a reconciliation with total assets at 30 June 2015 and at 31 December 2014 are as follows:

|                                      | Europe & Asia-Pacific               |                           | Latam              |                           | Not allocated to segments |                           | Thousands of euros<br>Total Prosegur |                           |
|--------------------------------------|-------------------------------------|---------------------------|--------------------|---------------------------|---------------------------|---------------------------|--------------------------------------|---------------------------|
|                                      | at 30 June<br>2015                  | At 31<br>December<br>2014 | at 30 June<br>2015 | At 31<br>December<br>2014 | at 30 June<br>2015        | At 31<br>December<br>2014 | at 30 June<br>2015                   | At 31<br>December<br>2014 |
|                                      | <b>Assets allocated to segments</b> | <b>1,011,609</b>          | <b>982,108</b>     | <b>1,718,413</b>          | <b>1,725,050</b>          | -                         | -                                    | <b>2,730,022</b>          |
| <b>Other unallocated assets</b>      | -                                   | -                         | -                  | -                         | <b>257,840</b>            | <b>305,124</b>            | <b>257,840</b>                       | <b>305,124</b>            |
| - Other non-current financial assets | -                                   | -                         | -                  | -                         | 8,718                     | 11,627                    | 8,718                                | 11,627                    |
| - Other current financial assets     | -                                   | -                         | -                  | -                         | 432                       | 8,441                     | 432                                  | 8,441                     |
| - Cash and cash equivalents          | -                                   | -                         | -                  | -                         | 248,690                   | 285,056                   | 248,690                              | 285,056                   |
| <b>Total assets</b>                  | <b>1,011,609</b>                    | <b>982,108</b>            | <b>1,718,413</b>   | <b>1,725,050</b>          | <b>257,840</b>            | <b>305,124</b>            | <b>2,987,862</b>                     | <b>3,012,282</b>          |

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Details of liabilities allocated to segments and a reconciliation with total liabilities at 30 June 2015 and at 31 December 2014 are as follows:

|                                   | Europe & Asia-Pacific |                           | LatAm              |                           | Not allocated to segments |                           | Thousands of euros<br>Total Prosegur |                           |
|-----------------------------------|-----------------------|---------------------------|--------------------|---------------------------|---------------------------|---------------------------|--------------------------------------|---------------------------|
|                                   | at 30 June<br>2015    | At 31<br>December<br>2014 | at 30 June<br>2015 | At 31<br>December<br>2014 | at 30 June<br>2015        | At 31<br>December<br>2014 | at 30 June<br>2015                   | At 31<br>December<br>2014 |
| Liabilities allocated to segments | 543,023               | 534,056                   | 727,632            | 791,567                   | -                         | -                         | 1,270,655                            | 1,325,623                 |
| Other unallocated liabilities     | -                     | -                         | -                  | -                         | 877,408                   | 822,598                   | 877,408                              | 822,598                   |
| - Other loans and borrowings      | -                     | -                         | -                  | -                         | 877,408                   | 822,598                   | 877,408                              | 822,598                   |
| <b>Total liabilities</b>          | <b>543,023</b>        | <b>534,056</b>            | <b>727,632</b>     | <b>791,567</b>            | <b>877,408</b>            | <b>822,598</b>            | <b>2,148,063</b>                     | <b>2,148,221</b>          |

The geographical distribution of revenues and non-current assets is as follows:

|  | Thousands of euros |                    |   |                           |
|--|--------------------|--------------------|---|---------------------------|
|  | Sales              |                    | Non-current assets<br>allocated to segments |                           |
|  | at 30 June<br>2015 | at 30 June<br>2014 | at 30 June<br>2015                          | At 31<br>December<br>2014 |
| Country in which the parent is domiciled (Spain) | 429,672            | 425,032            | 305,466                                     | 302,167                   |
| Brazil   | 473,126            | 499,575            | 463,823                                     | 507,066                   |
| Argentina area <sup>(1)</sup>                    | 460,794            | 304,234            | 309,729                                     | 257,303                   |
| Other countries                                  | 588,984            | 580,716            | 526,483                                     | 536,586                   |
| <b>Total</b>                                     | <b>1,952,576</b>   | <b>1,809,557</b>   | <b>1,605,501</b>                            | <b>1,603,122</b>          |

(1) The Argentina area includes Argentina, Uruguay and Paraguay

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

### 11.1. Property, Plant and Equipment

Details of property, plant and equipment for the six-month periods ended 30 June 2015 and 2014 are as follows:

|  | <b>Thousands of euros</b>   |                  |
|--|-----------------------------|------------------|
|  | <b>Period ended 30 June</b> |                  |
|  | <b>2015</b>                 | <b>2014</b>      |
| <b><u>Cost</u></b>                         |                             |                  |
| <b>Opening balance</b>                     | 1,006,964                   | 926,435          |
| Additions                                  | 52,027                      | 45,879           |
| Business combinations                      | 64                          | (2,405)          |
| Disposals                                  | (6,248)                     | (8,003)          |
| Translation differences                    | (9,145)                     | 1,459            |
| <b>Closing balance</b>                     | <b>1,043,662</b>            | <b>963,365</b>   |
| <b><u>Accumulated amortisation</u></b>     |                             |                  |
| <b>Opening balance</b>                     | (499,942)                   | (452,813)        |
| Disposals                                  | 4,999                       | 4,438            |
| Provisions charged to the income statement | (40,629)                    | (33,462)         |
| Translation differences                    | 4,394                       | (4,513)          |
| <b>Closing balance</b>                     | <b>(531,178)</b>            | <b>(486,350)</b> |
| <b><u>Impairment losses</u></b>            |                             |                  |
| <b>Opening balance</b>                     | (483)                       | (1,581)          |
| Disposals                                  | -                           | -                |
| Provisions charged to the income statement | (124)                       | (53)             |
| Translation differences                    | -                           | -                |
| <b>Closing balance</b>                     | <b>(607)</b>                | <b>(1,634)</b>   |
| <b><u>Net assets</u></b>                   |                             |                  |
| <b>Opening balance</b>                     | <b>506,539</b>              | <b>472,041</b>   |
| <b>Closing balance</b>                     | <b>511,877</b>              | <b>475,381</b>   |

During the first half of 2015, Prosegur invested EUR 52,027 thousand in property, plant and equipment (at 30 June 2014: EUR 45.879 thousand). These investments are primarily additions and fitting-out work on bases and armoured vehicles in Spain, Argentina and Brazil.

## 11.2. Property investments

Details of movement in property investments for the six-month periods ended 30 June 2015 and 2014 are as follows:

|  | <b>Thousands of euros</b>   |               |
|--|-----------------------------|---------------|
|  | <b>Period ended 30 June</b> |               |
|  | <b>2015</b>                 | <b>2014</b>   |
| <b><u>Cost</u></b>                         |                             |               |
| <b>Opening balance</b>                     | 46,939                      | -             |
| Additions                                  | 38,245                      | 17,990        |
| Translation differences                    | 850                         | (615)         |
| <b>Closing balance</b>                     | <b>86,034</b>               | <b>17,375</b> |
| <b><u>Accumulated amortisation</u></b>     |                             |               |
| <b>Opening balance</b>                     | (410)                       | -             |
| Provisions charged to the income statement | (559)                       | (80)          |
| Translation differences                    | 8                           | 3             |
| <b>Closing balance</b>                     | <b>(961)</b>                | <b>(77)</b>   |
| <b><u>Net assets</u></b>                   |                             |               |
| <b>Opening balance</b>                     | <b>46,529</b>               | -             |
| <b>Closing balance</b>                     | <b>85,073</b>               | <b>17,298</b> |

In the first half of 2015, the additions in property investments made by Prosegur amounted to 38,245 thousand euros (at 30 June 2014: 17,990 thousand euros). These additions include the acquisition of a building in Buenos Aires (Argentina).

## 11.3. Goodwill

Details of goodwill for the six-month period ended 30 June 2015 are as follows:

|  | <b>Thousands of euros</b> |
|--|---------------------------|
| <b>Carrying amount at 31 December 2014</b> | <b>532,219</b>            |
| Additions to the consolidated group        | 1,364                     |
| New additions                              | 222                       |
| Write offs                                 | (3,042)                   |
| Translation differences                    | (4,724)                   |
| <b>Carrying amount at 30 June 2015</b>     | <b>526,039</b>            |

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Additions to goodwill were generated on the following business combinations in the six-month period ended 30 June 2015:

|   | <b>Country</b> | <b>% Ownership</b> | <b>Thousands<br/>of euros</b> |
|---|----------------|--------------------|-------------------------------|
| CGU " Call Center and Back Office" <sup>(1)</sup>         | Spain          | 100%               | 1,128                         |
| Nanjing Zhong Dun Security Services Co Ltd <sup>(1)</sup> | China          | 80%                | 236                           |
|   |                |                    | <b><u>1,364</u></b>           |

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

Details of the estimated goodwill in the table above are provided in Note 22.

Additions reflect adjustments to the value of the following goodwill:

|   | <b>Thousands<br/>of euros</b> |
|---|-------------------------------|
| Transvig - Transporte de Valores e Vigilancia<br>LTDA (Brasil) <sup>(1)</sup> | 222                           |
|   | <b><u>222</u></b>             |

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

The loss of 3,042 thousand euros includes the goodwill value adjustment 2,717 thousand euros after seeing its reasonable value assigned to the business combination of Imperial Dragon Security, Ltd. Similarly, the assets of said combination of businesses were entirely deteriorated (Note 11.1 and 11.4). The remaining 325 thousand euros are the adjustment made by assigning the value of the goodwill provisionally provisionally determined in 2014 for the combination of business of the Shanghai Bigu Group.

At 30 June 2015, there are no indications that the goodwill recognised may be impaired.

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Details of goodwill for the six-month period ended 30 June 2014 are as follows:

|  | <b>Thousands<br/>of euros</b> |
|--|-------------------------------|
| <b>Carrying amount at 31 December 2013</b> | <b>515,959</b>                |
| Additions to the consolidated group        | 3,213                         |
| New additions                              | 14,181                        |
| Write offs                                 | (1,541)                       |
| Translation differences                    | 7,482                         |
| <b>Carrying amount at 30 June 2014</b>     | <b>539,294</b>                |

Additions to goodwill were generated on the following business combinations in the same period:

|                                   | <b>Country</b> | <b>% Ownership</b> | <b>Thousands<br/>of euros</b> |
|-----------------------------------|----------------|--------------------|-------------------------------|
| Evtec Management Services Pte Ltd | Singapore      | 100%               | 1,922                         |
| Grupo Chorus                      | Germany        | 100%               | 1,291                         |
|                                   |                |                    | <b>3,213</b>                  |

Additions reflected adjustments to the value of the following goodwill:

|   | <b>Thousands<br/>of euros</b> |
|---|-------------------------------|
| Chubb Security Services Pty Ltd (Australia) | 1,969                         |
| Brinks Deutschland GmbH (Germany)           | 12,212                        |
|   | <b>14,181</b>                 |



#### 11.4. Other intangible assets

Details of intangible assets for the six-month periods ended 30 June 2015 and 2014 are as follows:

|  | Thousands of euros   |                  |
|--|----------------------|------------------|
|  | Period ended 30 June |                  |
|  | 2015                 | 2014             |
| <b><u>Cost</u></b>                         |                      |                  |
| <b>Opening balance</b>                     | 561,828              | 532,318          |
| Additions                                  | 15,441               | 10,822           |
| Business combinations                      | 1,350                | 1,531            |
| Disposals                                  | (1,979)              | (276)            |
| Translation differences                    | (17,517)             | 21,589           |
| <b>Closing balance</b>                     | <b>559,123</b>       | <b>565,984</b>   |
| <b><u>Accumulated amortisation</u></b>     |                      |                  |
| <b>Opening balance</b>                     | (237,555)            | (190,593)        |
| Disposals                                  | 1,191                | 106              |
| Provisions charged to the income statement | (22,922)             | (23,866)         |
| Translation differences                    | 6,574                | (5,780)          |
| <b>Closing balance</b>                     | <b>(252,712)</b>     | <b>(220,133)</b> |
| <b><u>Impairment losses</u></b>            |                      |                  |
| <b>Opening balance</b>                     | -                    | (29)             |
| Disposals                                  | (14,837)             | -                |
| Provisions charged to the income statement | -                    | -                |
| Translation differences                    | 655                  | -                |
| <b>Closing balance</b>                     | <b>(14,182)</b>      | <b>(29)</b>      |
| <b><u>Net assets</u></b>                   |                      |                  |
| <b>Opening balance</b>                     | <b>324,273</b>       | <b>341,696</b>   |
| <b>Closing balance</b>                     | <b>292,229</b>       | <b>345,822</b>   |

Additions for the first half of 2015 include intangible assets allocated on measurement of the following business combinations:

|                                 | Thousands of euros  |              |
|---------------------------------|---------------------|--------------|
|                                 | Cartera de Clientes | Total        |
| CGU "Call Center y Back Office" | 1,350               | 1,350        |
|                                 | <b>1,350</b>        | <b>1,350</b> |

Additions for the first half of 2014 included intangible assets allocated on measurement of the following business combinations:

|   | <b>Thousands of euros</b>  |              |
|---|----------------------------|--------------|
|   | <b>Cartera de Clientes</b> | <b>Total</b> |
| Evtec Management Services Pte Ltd (Singapore) | 1,065                      | 1,065        |
| Chubb Security Services PTY LTD (Australia)   | 195                        | 195          |
| Grupo Chorus (Germany)                        | 269                        | 269          |
|   | <b>1,529</b>               | <b>1,529</b> |

The deterioration of the first half of 2015 correspond to the intangible assets of the business combination of Imperial Dragon Security, Ltd (Note 11.3). The recoverable amount of a CGU is determined based on its value in use. These calculations are based on cash flow projections, excluding the effects of potential future improvements in the return on assets, from the four-year financial budgets approved by Management.

## 12. Financial Assets

Details of available-for-sale financial assets and other current and non-current financial assets at 30 June 2015 and 31 December 2014 are as follows:

|   | <b>Thousands of euros</b> |                   |
|---|---------------------------|-------------------|
|   | <b>30/06/2015</b>         | <b>31/12/2014</b> |
| Available-for-sale financial assets       | 3,370                     | 6,639             |
| Deposits and guarantees                   | 4,183                     | 3,953             |
| Other non-current financial assets        | 1,165                     | 1,035             |
| <b>Total non-current financial assets</b> | <b>8,718</b>              | <b>11,627</b>     |
| <b>Other current financial assets</b>     | <b>432</b>                | <b>8,441</b>      |

### a) Available-for-sale financial assets

The most significant component of this item at 31 December 2014 was the 33% of the shares in the investment vehicle Capitolotre, S.P.A., which the Company acquired on 19 December 2007, as described in Note 16 to the consolidated annual accounts of Prosegur at 31 December 2014. During the first half of 2015, no purchases, sales, issues or settlements have been made in relation to Prosegur's ownership interest in Capitolotre, S.P.A.

Prosegur has deteriorated the whole of this investment at 30 June 2015, so a loss due to deterioration was recognised of 3,027 thousand euros (at 30 June 2014: 10,000 thousand euros) (Note 9).

### b) Other non-current financial assets

This item includes fix-term deposits maturing in 2017 in the amount of EUR 1,165 thousand.

### 13. Investments accounted for using the equity method

#### 13.1. Joint arrangements

The main Joint Arrangements of Prosegur are those entered into with companies operating in India that carry out cash in transit and cash management activities. These Joint Arrangements are structured as separate vehicles and Prosegur has a share of their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures.

The breakdown of the movements of the investments in joint ventures accounted for under the equity method during the six-month periods ended 30 June 2015 and 2014 is as follows:

|                             | <b>Thousands of euros</b> |                   |
|-----------------------------|---------------------------|-------------------|
|                             | <b>30/06/2015</b>         | <b>30/06/2014</b> |
| <b>Balance at 1 January</b> | <b>12,580</b>             | <b>6,120</b>      |
| Share of profit/(loss)      | (721)                     | (223)             |
| Translation differences     | 710                       | 244               |
| <b>Balance at 30 June</b>   | <b>12,569</b>             | <b>6,141</b>      |

The breakdown of the main amounts of investments accounted for under the equity method is included in Appendix IV of the consolidated annual accounts for the year that ended on 31 December 2014.

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

## 14. Cash and Cash Equivalents

Details of cash and cash equivalents at 30 June 2015 and 31 December 2014 are as follows:

|                           | <b>Thousands of euros</b> |                   |
|---------------------------|---------------------------|-------------------|
|                           | <b>30/06/2015</b>         | <b>31/12/2014</b> |
| Cash in hand and at banks | 215,458                   | 199,736           |
| Current bank deposits     | 33,232                    | 85,320            |
|                           | <b>248,690</b>            | <b>285,056</b>    |

The effective rate of interest on current bank deposits is 8.65% (at 31 December 2014: 9.75%) and the average term of deposits held is 39 days (at 31 December 2014: 34 days).

## 15. Inventories

Details of inventories at 30 June 2015 and 31 December 2014 are as follows:

|                           | <b>Thousands of euros</b> |                   |
|---------------------------|---------------------------|-------------------|
|                           | <b>30/06/2015</b>         | <b>31/12/2014</b> |
| Merchandise               | 49,971                    | 40,799            |
| Work in progress          | 27,698                    | 22,275            |
| Impairment of inventories | (4,013)                   | (3,428)           |
| <b>Total inventories</b>  | <b>73,656</b>             | <b>59,646</b>     |

No inventories have been pledged as collateral to secure loans.

Details of impairment for the six-month periods ended 30 June 2015 and 30 June 2014 are as follows:

|                        | <b>Thousands of euros</b> |                   |
|------------------------|---------------------------|-------------------|
|                        | <b>30/06/2015</b>         | <b>30/06/2014</b> |
| Opening balance        | (3,438)                   | (2,844)           |
| Additions              | (672)                     | (712)             |
| Reversals              | 102                       | 73                |
| Disposals              | (5)                       | -                 |
| <b>Closing balance</b> | <b>(4,013)</b>            | <b>(3,483)</b>    |

## 16. Equity

### 16.1. Share capital

Share capital is divided as follows:

|                  | Thousands<br>Number of<br>shares | Thousands of euros |                  |            |          |
|------------------|----------------------------------|--------------------|------------------|------------|----------|
|                  |                                  | Share capital      | Share<br>premium | Own shares | Total    |
| 1 January 2014   | 617,125                          | 37,027             | 25,472           | (125,180)  | (62,681) |
| 31 December 2014 | 617,125                          | 37,027             | 25,472           | (53,493)   | 9,006    |
| 30 June 2015     | 617,125                          | 37,027             | 25,472           | (53,493)   | 9,006    |

At 30 June 2015, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 37,027 thousand and is represented by 617,124,640 shares with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (electronic trading system) (SIBE).

### 16.2. Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2014 or the six-month period ended 30 June 2015.

### 16.3. Treasury Stock

Details of the own shares account for the six-month period ended 30 June 2015 are as follows:

|                                   | Number of<br>shares | Thousands<br>of euros |
|-----------------------------------|---------------------|-----------------------|
| Balance at 31 December 2014       | 18,756,890          | 53,493                |
| Shares sale                       | -                   | -                     |
| Other shares granted to employees | -                   | -                     |
| <b>Balance at 30 June 2015</b>    | <b>18,756,890</b>   | <b>53,493</b>         |

## 16.4. Dividends

Details of dividends distributed by the parent for the six-month periods ended 30 June 2015 and 30 June 2014 are as follows:

|  | Period ended 30 June 2015 |                 |                             | Period ended 30 June 2014 |                 |                             |
|--|---------------------------|-----------------|-----------------------------|---------------------------|-----------------|-----------------------------|
|  | % of par value            | Euros per share | Amount (Thousands of Euros) | % of par value            | Euros per share | Amount (Thousands of Euros) |
| Ordinary shares  | 86.29                     | 0.05            | 31,950                      | 86.29                     | 0.05            | 31,950                      |
| Remaining shares (without voting rights, recallable, etc.) | -                         | -               | -                           | -                         | -               | -                           |
| <b>Total dividends paid</b>                                | <b>86.29</b>              | <b>0.05</b>     | <b>31,950</b>               | <b>86.29</b>              | <b>0.05</b>     | <b>31,950</b>               |
| a) Dividends charged to the income statement               | 86.29                     | 0.05            | 31,950                      | 86.29                     | 0.05            | 31,950                      |
| b) Dividends charged to reserves or share premium          | -                         | -               | -                           | -                         | -               | -                           |
| c) Dividends in kind                                       | -                         | -               | -                           | -                         | -               | -                           |

The third instalment of the dividend was paid against 2013 profits on 19 January 2015, amounting to EUR 16,487 thousand (reflecting a gross amount of EUR 0.02670000 per share outstanding, equivalent to a net amount of EUR 0.02136000 per share).

The fourth and the last instalment of the dividend was paid against 2013 profits on 17 April 2015, amounting to EUR 16,487 thousand (reflecting a gross amount of EUR 0.02670000 per share share outstanding, equivalent to a net amount of EUR 0.02136000 per share).

At the AGM held on 28 April 2015, the shareholders approved the distribution of a dividend of EUR 0.10686172 per share outstanding at each payment date. As capital was divided into 617,124,640 shares at 30 June 2015, the total maximum dividend payable is EUR 65,947 thousand. 25% of this amount will be distributed to the shareholders on 17 July 2015. The portion of the maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves.

Consequently, the payment for 17 July 2015 represents a gross amount of EUR 0.02670000 per share outstanding and with economic rights on that date, equivalent to a net amount of EUR 0.02149350 per share.

The remaining payments to make up the approved dividend of EUR 0.1068 per share, given that the capital was divided into 617,124,640 shares at 30 June 2015, will be made in October 2015, January 2016 and April 2016.

**16.5. Earnings per share**

- **Basic**

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

|  | 30/06/2015  | 30/06/2014  |
|--|-------------|-------------|
| Profit attributable to the owners of the parent<br>(in thousands of Euros) | 77,556      | 66,131      |
| Weighted average number of ordinary<br>shares outstanding                  | 598,367,750 | 597,367,262 |
| <b>Basic earnings per share (Euros per<br/>share)</b>                      | <b>0.13</b> | <b>0.11</b> |

- **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.

|  | 30/06/2015  | 30/06/2014  |
|--|-------------|-------------|
| Profit attributable to the owners of the parent<br>(in thousands of Euros) | 77,556      | 66,131      |
| (Diluted) weighted average number of<br>ordinary shares outstanding        | 598,367,750 | 601,487,262 |
| <b>Diluted earnings per share (Euros per<br/>share)</b>                    | <b>0.13</b> | <b>0.11</b> |

## 17. Provisions

Details of provisions and changes for the six-month period ended 30 June 2015 and 2014 are as follows:

| Thousands of euros                     | Overtime costs | Labour-related risks | Legal risks  | Restructuring | Employee benefits expense | Accrued obligations to personnel | Other risks   | Total           |
|--|----------------|----------------------|--------------|---------------|---------------------------|----------------------------------|---------------|-----------------|
| <b>Balance at 01 January 2015</b>      | <b>3,780</b>   | <b>113,476</b>       | <b>9,996</b> | <b>18,180</b> | <b>15,270</b>             | <b>3,659</b>                     | <b>63,303</b> | <b>227,664</b>  |
| Provisions charged to income statement | -              | 19,065               | 687          | -             | 1,225                     | 1,950                            | 12,600        | <b>35,527</b>   |
| Reversals credited to income statement | -              | (746)                | (656)        | (600)         | -                         | -                                | (1,314)       | <b>(3,316)</b>  |
| Transfers                              | -              | -                    | -            | -             | -                         | 3,401                            | -             | <b>3,401</b>    |
| Applications                           | (200)          | (21,555)             | (768)        | (11,533)      | (691)                     | (5,831)                          | (384)         | <b>(40,962)</b> |
| Translation differences                | -              | (5,999)              | (266)        | -             | 109                       | -                                | (3,882)       | <b>(10,038)</b> |
| <b>Balance at 30 June 2015</b>         | <b>3,580</b>   | <b>104,242</b>       | <b>8,993</b> | <b>6,047</b>  | <b>15,913</b>             | <b>3,179</b>                     | <b>70,323</b> | <b>212,276</b>  |
| Non-current                            | 3,580          | 104,241              | 8,993        | -             | 14,065                    | 2,606                            | 70,323        | 203,809         |
| Current                                | -              | -                    | -            | 6,047         | 1,848                     | 573                              | -             | 8,467           |

| Thousands of euros                     | Overtime costs | Labour-related risks | Legal risks  | Restructuring | Employee benefits expense | Accrued obligations to personnel | Other risks   | Total           |
|--|----------------|----------------------|--------------|---------------|---------------------------|----------------------------------|---------------|-----------------|
| <b>Balance at 01 January 2014</b>      | <b>7,352</b>   | <b>91,281</b>        | <b>9,113</b> | <b>36,165</b> | <b>8,061</b>              | <b>1,545</b>                     | <b>59,501</b> | <b>213,018</b>  |
| Provisions charged to income statement | -              | 16,921               | 2,142        | -             | 1,449                     | 1,102                            | 11,231        | <b>32,845</b>   |
| Reversals credited to income statement | (3,000)        | (3,786)              | (605)        | -             | -                         | (204)                            | (221)         | <b>(7,816)</b>  |
| Business combinations (Note 23)        | -              | -                    | -            | 11,015        | 898                       | -                                | 133           | <b>12,046</b>   |
| Applications                           | (410)          | (9,296)              | (754)        | (17,859)      | (944)                     | -                                | (2,009)       | <b>(31,272)</b> |
| Transfers to current provisions        | -              | 418                  | (767)        | -             | 400                       | -                                | (229)         | <b>(178)</b>    |
| Translation differences                | -              | 4,363                | 153          | -             | 297                       | -                                | 3,110         | <b>7,923</b>    |
| <b>Balance at 30 June 2014</b>         | <b>3,942</b>   | <b>99,901</b>        | <b>9,282</b> | <b>29,321</b> | <b>10,161</b>             | <b>2,443</b>                     | <b>71,516</b> | <b>226,566</b>  |
| Non-current                            | 3,942          | 99,901               | 9,282        | -             | 8,166                     | 985                              | 71,516        | 193,792         |
| Current                                | -              | -                    | -            | 29,321        | 1,995                     | 1,458                            | -             | 32,774          |

### a) Overtime costs

Details on the legal background relating to this provision are set out in Note 23 a) to the consolidated annual accounts for the year ended 31 December 2014.

During the six-month period ending at 30 June 2015, payments of 200 thousand euros were made corresponding to the agreements reached with part of the plaintiff employees (30 June 2014: 410 thousand euros) and no income was recognised in the profit and loss account for this (30 June 2014: 3,000 thousand euros).

### b) Labour-related risks

The provisions for occupational risks, which amount to 104,241 thousand euros (31 December 2014: 113,476 thousand euros), are calculated individually based on Prosegur's historical experience. The provision for labour-related risks mainly includes provisions for work-related causes in Brazil. This provision also includes Euros 29,324 thousand (Euros 41,576 thousand in 2014) relating to the business combination formed with Transpev in 2005. In 2014 a transfer amounting to 10,188 thousand euros made to long term provisions, which in the previous year was considered as an outstanding amount associated with the Transpev business combination, as a result of the negotiation of the debt with the vendor.



**c) *Legal risks***

The provisions for legal risks, that amount to EUR 8,993 thousand (in 2014: Eur 9,996 thousand), correspond mainly to civil claims, which are analysed on a case-by-case basis. 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.

**d) *Restructuring***

The provisions correspond to acquiree 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. The settlement of the provision is highly probable. While the moment of settlement is uncertain, it is highly probable that it will take place in the short term. During the first half of year 2015, 11,533 thousand euros have been made.

**e) *Employee benefits***

As indicated in Note 5.2 of the consolidated annual accounts for the year ending at 31 December 2014, Prosegur has defined benefit plans in Germany, Australia, Brazil, Colombia and France. The actuarial valuation made by qualified actuaries on the value of the agreed services are updated each year. The last update was made at the close of 2014 and is applicable to the present period.

The defined benefit plans in Germany, France and Colombia consist of pension plans and post-employment.

The defined benefit plan of Australia consists of an occupational accident insurance scheme in accordance with legislation.

Prosegur has a defined benefit plan comprising post-employment healthcare offered to employees in Brazil compliant with local legislation (Law 9656).

**f) *Accrued obligations to personnel***

These provisions include the accrued incentive in cash of the 2014 and 2017 Plan. The reasonable 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.

The Plan 2014 will be settled in cash; therefore 3,401 thousand euros were transferred to the accrual caption to the staff. 5,831 thousand euros were applied due to the settlement of the first part of the Plan 2014. Moreover, during the year, provisions to results have been made for 1,950 thousand euros (Note 7). This amount includes the adjustment for reasonable value of the share price for the Plan 2014 and 2017 and the corresponding accrual.

Lastly, part of this provision was recognised as current provisions in an amount of EUR 573 thousand, since the maturity of this commitment will take place in 2015 and the first half of year 2016.

**g) Other risks**

The provision of other risks, which amounts to 70,323 thousand euros (31 December 2014: 63,303 thousand euros), principally includes tax risks of Brazil and Argentina for 64,167 thousand euros (31 December 2014: 48,270 thousand euros). 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.

**18. Suppliers**

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

|  | <b>2015</b>                   |          |
|--|-------------------------------|----------|
|  | <b>Thousands<br/>of euros</b> | <b>%</b> |
| Within the maximum legal payment term  | 43,038                        | 41%      |
| Remainder  | 62,022                        | 59%      |
| Total payments for the year  | 105,060                       | 100%     |
| Weighted average term by which payments are past due (in days)                                 | 91                            |          |
| Late payments for which the maximum legal payment term has been exceeded at the reporting date | 7,243                         |          |

At 31 December 2014, payables to suppliers totalling EUR 7,934 thousand exceeded the legal payment period.

**19. Financial Liabilities**

Details of financial liabilities at 30 June 2015 and 31 December 2014 are as follows:

|   | <b>Thousands of euros</b> |                   |
|---|---------------------------|-------------------|
|   | <b>30/06/2015</b>         | <b>31/12/2014</b> |
| <b>Non-current</b>                      |                           |                   |
| Loans and borrowings                    | 91,967                    | 102,203           |
| Syndicated loan                         | 72,820                    | 37,882            |
| Finance lease liabilities               | 16,635                    | 18,400            |
| Debentures and other negotiable securit | 497,592                   | 497,174           |
| Other payables                          | 34,186                    | 56,563            |
|   | <u>713,200</u>            | <u>712,222</u>    |
| <b>Current</b>                          |                           |                   |
| Credit accounts                         | 76,373                    | 89,637            |
| Loans and borrowings                    | 135,217                   | 85,390            |
| Finance lease liabilities               | 6,220                     | 16,851            |
| Debentures and other negotiable securit | 3,438                     | 10,312            |
| Other payables                          | 41,053                    | 49,444            |
|   | <u>262,301</u>            | <u>251,634</u>    |
| <b>Total financial liabilities</b>      | <u>975,501</u>            | <u>963,856</u>    |

Details of the most significant items making up this balance at 31 December 2014 are set out in Note 24 to the consolidated annual accounts for the year then ended.

During the six-month period ended 30 June 2015, there have been no repayment defaults or breaches of agreement in relation to the loans and credit facilities granted to Prosegur.

**Syndicated Loan (Spain)**

On 12 June 2014 Prosegur arranged a new five-year syndicated credit financing facility of EUR 400,000 thousand to defer part of its debt. On 18 March 2015, the syndicated loan has been renewed postponing its expiry until 18 March 2020. At 30 June 2015 the outlaid balance amounts to 75,000 thousand euros (at 31 December 2014, the outlaid balance was 40,000 thousand euros).

On 30 June 2014, the syndicated loan contracted in the month of August 2010 was cancelled in its totality, in the amount of 45,000 thousand euros in the loan part and the amount of 60,000 thousand euros in the credit facility part.

### Debenture (Brazil)

The debenture issued in Brazil on 23 April 2012 was partially prepaid early in January 2014 in the amount of Brazilian reais 140,000 thousand, equivalent to EUR 42,645 thousand at the date of cancellation. The outstanding amount at 30 June 2015 is 94,577 thousand Brazilian reais, with a counter value of 27,256 thousand euros (31 December 2014: 102,469 thousand Brazilian reais or 31,815 thousand euros).

The contract states that the future instalments should be paid at the following dates:

| Repayment date   | Thousands of euros |                     |
|------------------|--------------------|---------------------|
|                  | Amount             | Outstanding balance |
| 7 September 2015 | 6,814              | 20,442              |
| 7 March 2016     | 6,814              | 13,628              |
| 7 September 2016 | 6,814              | 6,814               |
| 7 March 2017     | 6,814              | -                   |

### Syndicated loan (Australia)

In December 2013 Prosegur arranged a three-year syndicated financing facility of AUD 70,000 thousand to finance the acquisition of security companies, by means of its subsidiaries Prosegur Australia Holdings PTY Limited and Prosegur Australia Investments PTY Limited. At 30 June 2015 the drawn down capital corresponding to the syndicated loan amounts to AUD 70,000 thousand (equivalent to the close of the first half of 2015: Eur 48.110 thousand). The contract stipulates one sole repayment for the entirety thereof at maturity.

### Debentures and other negotiable securities

On 02 April 2013 an issue of uncovered bonds with a nominal value of EUR 500,000 thousand, maturing on 02 April 2018, was made. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue a coupon of 2.75% per annum payable yearly on maturity.

### Bailment

Prosegur in Australia has signed a bailment agreement for the supply of cash to automated teller machines belonging to Prosegur. Cash is owned by the bailor of the loan in use according the agreement. Prosegur has access to this money with the only purpose to load cash onto the owned ATMs, supplied by this contract. The settlement of the assets and liabilities is carried out via regulated clearing systems, such as the right of offset of balances. As a result of the foregoing, no assets and liabilities are shown in the Condensed Interim Consolidated Financial Statements for the six-month period ended 30 June 2015 for this item. The amount of cash in circulation at 30 June 2015 is 35,000 thousand Australian dollars (equal to 24,055 thousand euros).

### Other payables

Details of the most significant items making up this balance at 31 December 2014 are set out in Note 24 to the consolidated annual accounts for the year then ended.

The other payables heading includes the amounts outstanding associated with business combinations carried out, which have experienced a reduction due to payments made, mainly of Nordeste, which in 2015 amounted to EUR 20,509 thousand.

## 20. Taxation matters

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

|              | <b>Period ended 30 June</b> |               |
|--------------|-----------------------------|---------------|
|              | <b>2015</b>                 | <b>2014</b>   |
| Current tax  | 54,422                      | 54,419        |
| Deferred tax | (11,822)                    | (17,129)      |
| <b>Total</b> | <b>42,600</b>               | <b>37,290</b> |

|                           | <b>Thousands of euros</b>   |               |
|---------------------------|-----------------------------|---------------|
|                           | <b>Period ended 30 June</b> |               |
|                           | <b>2015</b>                 | <b>2014</b>   |
| Income tax expense        | 42,600                      | 37,290        |
| Profit before tax         | 119,578                     | 103,576       |
| <b>Effective tax rate</b> | <b>35.62%</b>               | <b>36.00%</b> |

The Company was inspected in 2008, 2009 and 2010 for Corporate Income Tax, withholdings on account of Non-Resident Tax and withholdings on account of Investment Capital in Spain. Furthermore, the Company has been a subject of the commencement of a partial tax inspection in relation to withholding income tax for the same period. In addition, the inspections were extended to financial year 2011 in regard to tax withholdings on non-resident tax and tax withholdings on Investment Capital.

As a consequence, the following acts were signed:

- Acts signed in Conformity, related to:
  - Tax withholdings on non-resident tax without quota.
  - Withholdings on account of Investment Capital without quota.
  - Corporate Income Tax for 3,550 thousand euros.

There is also an act signed with agreement in relation to the Corporate Income Tax, for 3,063 thousand euros.

- Acts signed in Disconformity, related to:
  - Withholdings on account of Work Income Tax for 554 thousand euros.
  - Corporate Income Tax for 20,040 thousand euros.

The referred Acts of Disconformity are currently being appealed against before the Administrative Economic Court. In the case of the Act of Disconformity related to Corporate IncomeTax, Prosegur estimates a favourable outcome, and in relation to the Act referring to Income Tax withholdings, the quota has been provided for and also all accrued interest.

The other Group companies are subject to the local jurisdictions in the countries in which they operate. 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.

## **21. Contingencies**

Note 28 to the consolidated annual accounts for the year ended 31 December 2014 includes information on contingent assets and liabilities at that date.

On 22 April the National Commission of the Stock Markets and Competition lodged a case to sanction the Company and its subsidiary Prosegur España, S.L. along with another competitor on the Spanish market, for possible restrictive practices on competition prohibited in article 1 of Law 15/2007 of 3 July in defence of competition, and article 101 of the Treaty of Operation of the European Union. The lodging of this case does not prejudice the final result of the investigation. The maximum period for the instruction and resolution of the case is 18 months from said date.

The assessment that the National Commission of Stock Markets and Competition makes might result in additional liabilities at the end of the proceedings. 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.

## 22. Business Combinations

Details of changes in goodwill during the first half of 2015 are presented in Note 11.3.

### 22.1. Goodwill included in 2015

Details of the net assets acquired and goodwill recognised on business combinations during 2015 are as follows:

| Segment  | Thousands of euros |                               |                      |   |                      |       |
|--|--------------------|-------------------------------|----------------------|---|----------------------|-------|
|  | Cash payment       | Deferred amount at fair value | Total purchase price | Provisional fair value of identifiable net assets | Provisional goodwill |       |
| CGU Call Center and Back Office <sup>(1)</sup>     | Europe             | 2,186                         | -                    | 2,186   | 1,058                | 1,128 |
| Nanjing Zhong Dun Security Services <sup>(1)</sup> | Asia Pacific       | 88                            | 176                  | 264   | 28                   | 236   |
|  |                    | 2,274                         | 176                  | 2,450   | 1,086                | 1,364 |

<sup>(1)</sup> 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 2015 been acquired on 01 January 2015, consolidated revenues would have been EUR 2,023 thousand higher and consolidated net profit for the year would have been EUR 424 thousand higher.

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

| Country  | Thousands of euros |                                    |                                  |       |
|--|--------------------|------------------------------------|----------------------------------|-------|
|  | Cash payment       | Cash and cash equivalents acquired | Cash outflow for the acquisition |       |
| CGU Call Center and Back Office <sup>(1)</sup>     | Spain              | 2,186                              | -                                | 2,186 |
| Nanjing Zhong Dun Security Services <sup>(1)</sup> | China              | 88                                 | 6                                | 94    |
|  |                    | 2,274                              | 6                                | 2,280 |

### CGU Call Center and Back office

On 1 April 2015, Prosegur purchased 100% of the Call Center and Back Office in Spain. The total purchase price was EUR 2,186 thousand, comprising a cash payment of EUR 2,186 thousand.

The acquiree was added to the consolidated group on 01 April 2015. It contributed revenues of Euros 1,893 thousand and profit for the year of Euros 369 thousand to the consolidated income statement for the first half of 2015.

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

|   | <b>Thousands of euros</b>                      |                   |
|---|--|-------------------|
|   | <b>Carrying<br/>amount of<br/>the acquiree</b> | <b>Fair value</b> |
| Property, Plant and Equipment           | 63   | 63                |
| Customers and other receivables         | 82   | 82                |
| Trade and other payables                | (59)   | (59)              |
| Other intangible assets                 | -  | 1,350             |
| Deferred tax                            | -  | (378)             |
| <b>Identifiable net assets acquired</b> | <b>86</b>                                      | <b>1,058</b>      |

The goodwill on this acquisition was allocated to the Europe&Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (EUR 1,350 thousand) with a useful life of 8 years.

### Nanjing Zhong Dun Security Services Co Ltd

On 2 June 2015 Prosegur acquired 80% of Nanjing Zhong Dun Security Services Co Ltd, a company located in China and specialised in manned guarding. The total purchase price was CNY 1,800 thousand (equivalent to Euros 264 thousand at the acquisition date), comprising a cash payment of CNY 600 thousand (equivalent to Euros 88 thousand at the acquisition date) and contingent consideration totalling CNY 200 thousand (equivalent to Euros 29 thousand at the acquisition date) payable in 2017 and 2018. In addition, a contingent consideration contract exists whose best estimate at 30 June 2015 was CNY 1,000 thousand (equivalent to Euros 147 thousand at the acquisition date).

The acquiree was added to the consolidated group on 02 June 2015. It contributed revenues of Euros 26 thousand and profit for the year of Euros 11 thousand to the consolidated income statement for the first half of 2015.



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

|   | Thousands of euros                    |            |
|---|---------------------------------------|------------|
|   | Carrying<br>amount of<br>the acquiree | Fair value |
| Cash and cash equivalents               | 6                                     | 6          |
| Property, Plant and Equipment           | 1                                     | 1          |
| Customers and other receivables         | 34                                    | 34         |
| Trade and other payables                | (13)                                  | (13)       |
| <b>Identifiable net assets acquired</b> | <b>28</b>                             | <b>28</b>  |

The goodwill on this acquisition was allocated to the Europe&Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

## 22.2. Goodwill incorporated in year 2014 not reviewed in 2015

Details of the net assets acquired and goodwill recognised on business combinations during 2014 whose valuation has not been reviewed in 2015 are as follows:

|                          |                | Thousands of euros |                                     |                            |   |              |
|--------------------------|----------------|--------------------|-------------------------------------|----------------------------|---|--------------|
|                          |                | Cash<br>payment    | Deferred<br>amount at fair<br>value | Total<br>purchase<br>price | Fair value of<br>identifiable<br>net assets | Goodwill     |
| Etec Management Service: | Asia - Pacific | 2,098              | 2,183                               | 4,281                      | 2,783                                       | 1,498        |
| Chorus Group             | Europe         | 1,689              | -                                   | 1,689                      | 277   | 1,412        |
|                          |                | <u>3,787</u>       | <u>2,183</u>                        | <u>5,970</u>               | <u>3,060</u>                                | <u>2,910</u> |

Goodwill is not tax-deductible.

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

|                          |           | Thousands of euros |   |  |
|--------------------------|-----------|--------------------|---|--|
|                          |           | Cash<br>payment    | Cash and<br>cash<br>equivalents<br>acquired | Cash outflow<br>for the<br>acquisition |
| Etec Management Service: | Singapore | 2,098              | (537)                                       | 1,561                                  |
| Chorus Group             | Germany   | 1,689              | (96)  | 1,593                                  |
|                          |           | <u>3,787</u>       | <u>(633)</u>                                | <u>3,154</u>                           |

### **Evttec Management Services PTE LTD**

On 23 January 2014 Prosegur acquired 100% of Evttec Management Services PTE LTD, a company located in Singapore and specialised in manned guarding. The total purchase price was SGD 7,397 thousand (equivalent to EUR 4,281 thousand at the acquisition date), comprising a cash payment of SGD 3,625 thousand (equivalent to EUR 2,098 thousand at the acquisition date), contingent consideration of SGD 3,398 thousand (equivalent to EUR 1,967 thousand at the acquisition date), to be settled in 2014 and 2015, and a further SGD 374 thousand (equivalent to EUR 216 thousand at the acquisition date) deferred to secure any possible liabilities, maturing in 2016.

The acquiree was added to the consolidated group on 23 January 2014.

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

| Thousands of euros                      | Thousands of euros              |              |
|---|---------------------------------|--------------|
|   | Carrying amount of the acquiree | Fair value   |
| Cash and cash equivalents               | 537                             | 537          |
| Property, Plant and Equipment           | 84                              | 84           |
| Other non-current assets                | 30                              | 30           |
| Customers and other receivables         | 1,980                           | 1,980        |
| Trade and other payables                | (723)                           | (723)        |
| Current tax liabilities                 | (101)                           | (101)        |
| Other intangible assets                 | -                               | 1,663        |
| Financial debt                          | (400)                           | (400)        |
| Deferred tax                            | (4)                             | (287)        |
| <b>Identifiable net assets acquired</b> | <b>1,403</b>                    | <b>2,783</b> |

The goodwill on this acquisition was allocated to the Europe&Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (EUR 1,663 thousand) with a useful life of 13 years.

### **Chorus Group**

On 17 February 2014 Prosegur acquired 100% of Chorus Security Service Wervaltungs GmbH and its subsidiary Chorus Security Service GmbH, companies located in Germany and specialised in cash in transit. The total purchase price was EUR 1,689 thousand, comprising a cash payment of EUR 1,689 thousand.

The acquiree was added to the consolidated group on 17 February 2014.

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

| Thousands of euros                      | Thousands of euros              |            |
|---|---------------------------------|------------|
|   | Carrying amount of the acquiree | Fair value |
| Cash and cash equivalents               | 96                              | 96         |
| Property, Plant and Equipment           | 265                             | 265        |
| Customers and other receivables         | 460                             | 460        |
| Current tax assets                      | 358                             | 358        |
| Trade and other payables                | (1,003)                         | (1,003)    |
| Current tax liabilities                 | (110)                           | (110)      |
| Other financial liabilities             | (249)                           | (249)      |
| Provisions                              | (134)                           | (134)      |
| Other intangible assets                 | 2                               | 843        |
| Deferred tax                            | -                               | (249)      |
| <b>Identifiable net assets acquired</b> | <b>(315)</b>                    | <b>277</b> |

The goodwill on this acquisition was allocated to the Europe&Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (EUR 841 thousand) with a useful life of 14 years.

### 22.3. Goodwill added in 2014 whose valuation is reviewable in 2015

Details of the net assets acquired and goodwill recognised on business combinations during 2014 whose valuation is reviewable in 2015 are as follows:

#### Transvig – Transporte de Valores e Vigilancia LTDA

| Segment   | Thousands of euros |                               |                      |   |                      |       |
|---|--------------------|-------------------------------|----------------------|---|----------------------|-------|
|   | Cash payment       | Deferred amount at fair value | Total purchase price | Provisional fair value of identifiable net assets | Provisional goodwill |       |
| Transvig - Transporte de Valores e Vigilancia LTDA <sup>(1)</sup> | LatAm              | 1,993                         | 3,601                | 5,594   | 2,212                | 3,382 |
|   |                    | 1,993                         | 3,601                | 5,594   | 2,212                | 3,382 |

Goodwill is not tax-deductible.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

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

|  |         | Thousands of euros |   |  |
|--|---------|--------------------|---|--|
|  | Country | Cash<br>payment    | Cash and<br>cash<br>equivalents<br>acquired | Cash outflow<br>for the<br>acquisition |
| Transvig - Transporte de Valores e<br>Vigilancia LTDA <sup>(1)</sup> | Brazil  | 1,993              | (618)                                       | 1,375                                  |
|  |         | <b>1,993</b>       | <b>(618)</b>                                | <b>1,375</b>                           |

On 20 October 2014 Prosegur acquired 100% of Transvig – Transporte de Valores e Vigilancia LTDA, a company located in Brazil and specialised in manned guarding and cash in transit. The total purchase price was Reals 17,400 thousand (equivalent to Euros 5,594 thousand at the acquisition date), comprising a cash payment of Reals 6,200 thousand (equivalent to Euros 1,993 thousand at the acquisition date), contingent consideration of Reals 6,200 thousand (equivalent to Euros 1,994 thousand at the acquisition date), which falls due in 2014, and a further Reals 5,000 thousand (equivalent to Euros 1,607 thousand at the acquisition date) deferred to secure any possible liabilities, which is payable in several instalments between 2015 and 2019 and bears interest as agreed in the contract.

The acquiree was added to the consolidated group on 20 October 2014.

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

|   | Thousands of euros                    |              |
|---|---------------------------------------|--------------|
|   | Carrying<br>amount of<br>the acquiree | Fair value   |
| Thousands of euros                      |                                       |              |
| Cash and cash equivalents               | 618                                   | 618          |
| Inventories                             | 22                                    | 22           |
| Property, Plant and Equipment           | 222                                   | 603          |
| Customers and other receivables         | 551                                   | 551          |
| Trade and other payables                | (779)                                 | (779)        |
| Other non-current assets                | 1                                     | 1            |
| Provisions                              | (218)                                 | (218)        |
| Other intangible assets                 | -                                     | 2,338        |
| Deferred tax                            | -                                     | (924)        |
| <b>Identifiable net assets acquired</b> | <b>417</b>                            | <b>2,212</b> |

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (EUR 2,338 thousand) with a useful life of between 8 and 9 years.

The valuation technique used to measure the fair value of intangible assets acquired was the “Multi-period excess earnings method”, which takes into account the present value of net cash flows expected to be generated from customer relations, excluding any cash flow related to contributory assets.

### Shanghai Bigu Group

On 05 September 2014, Prosegur acquired 100% of the Shanghai Bigu Group in China, which holds shares in several Chinese companies specialised in the provision of security services. The total purchase price was 1 euro cash and purchasing liabilities for 736 thousand euros.

The acquiree was added to the consolidated group on 05 September 2014.

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

|   | Thousands of euros                    |              |
|---|---------------------------------------|--------------|
|   | Carrying<br>amount of<br>the acquiree | Fair value   |
| Cash and cash equivalents               | 92                                    | 92           |
| Property, Plant and Equipment           | 52                                    | 52           |
| Inventories                             | 6                                     | 6            |
| Other non-current assets                | 41                                    | 41           |
| Customers and other receivables         | 103                                   | 103          |
| Trade and other payables                | (736)                                 | (736)        |
| Other intangible assets                 | 10                                    | 8,682        |
| Deferred tax                            | -                                     | (2,168)      |
| <b>Identifiable net assets acquired</b> | <b>(432)</b>                          | <b>6,072</b> |

The intangible assets were supported by licences with a useful life of 20 years. The valuation technique used to measure the fair value of intangible assets acquired was the “Multi-period excess earnings method”, a variation of the method of discounted cash flows usually used in the valuation of customer relations, which takes into account the present value of net cash flows expected, after subtracting contributory charges of other assets that contribute to the generation of cash flows of the intangible valued.

### 23. Related Party Transactions

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% is held by various shareholders, including Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones S.L. with 5.318%, Cantillon Capital Management LLC with 3.050% and FMR LLC with 2.999%.

**Goods and services**

In October 2005 Prosegur and Proactinmo, S.L. (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8 (Madrid), which is adjacent to a building owned by Prosegur at Calle Pajaritos, 24. This contract has a term of five years, and may be extended for an additional five and was arranged at arm's length. A total expense of EUR 600 thousand was incurred in relation to this contract in the first half of 2015 (EUR 611 thousand at 30 June 2014).

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

1. Remuneration of members of the Board of Directors

Details of the total remuneration accrued by the members of the Board of Directors during the six-month periods ended 30 June 2015 and 2014 are as follows:

|                        | <b>Thousands of euros</b> |                   |
|------------------------|---------------------------|-------------------|
|                        | <b>30/06/2015</b>         | <b>30/06/2014</b> |
| Fixed remuneration     | 628                       | 548               |
| Variable remuneration  | 250                       | 250               |
| Remuneration in kind   | 8                         | 10                |
| Life insurance premium | 19                        | 15                |
| Allowances             | 544                       | 554               |
| <b>Total</b>           | <b>1,449</b>              | <b>1,377</b>      |

2. Remuneration of senior management personnel

Senior management personnel are understood to be Prosegur employees who hold, de facto or de jure, senior management positions reporting directly to the Board of Directors, executive committees or managing director, including those holding a power of attorney which relates to the corporate object and is not restricted to specific areas or matters.

Details of total remuneration accrued by the senior management of Prosegur during the six-month periods ended 30 June 2015 and 2014 are as follows:

|  | <b>Thousands of euros</b> |                   |
|--|---------------------------|-------------------|
|  | <b>30/06/2015</b>         | <b>30/06/2014</b> |
| Total remunerations accrued by senior management | 2,365                     | 2,110             |

The total commitment undertaken by the Company at 30 June 2015 in relation to the incentives established in the 2014 y 2017 Plan amounts to EUR 3,179 thousand and is recognised in liabilities (Note 17, section f).

**Loans to related parties**

At 30 June 2015 Prosegur has not granted any loans to related parties. Related companies were transferred to joint ventures and are proportionately consolidated.

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

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities in companies with an identical, similar or complementary corporate object to that of the Company, outside of the scope of Prosegur.

**Information required by article 229 of the Spanish Companies Act**

The firm J&A Garrigues, S.L.P. has been providing to Prosegur, on a continuous basis and since well before the appointment of Mr Fernando Vives as director of the Company, legal and tax advisory services, within the ordinary course of business and at market terms. Prosegur does not work on an exclusive basis for the firm J&A Garrigues, S.L.P., and also receive legal and tax advice from other firms. The fees paid to J&A Garrigues, S.L.P. by the Prosegur Group are not significant for the firm in terms of materiality and likewise do not account for a significant share of the Prosegur accounts. The fees at 30 June 2015 amounts EUR 334 thousand (at 30 June 2014 amounts EUR 248 thousand).

On the other hand, the provision of such services is performed via partners of the firm other than Mr Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is completely independent and not related in any way to the firm's billing to Prosegur. Therefore, the Management Board considers that the business relationship between the firm J&A Garrigues, S.L.P. and Prosegur, in light of its continuous nature and in the ordinary course of business, non-exclusive and of little importance in the terms described above, does not in any way affect the independence of Mr Fernando Vives to hold the office of director of Prosegur as an independent director.

In regard to what is set forth in articles 228, 229 and 230 of the Consolidated Text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and amended by Law 31/2014 for the improvement of Corporate Governance, no situations have arisen during financial year 2014 in which the members of the Management Board have been in direct or indirect conflict with the interests of the Company.

## 24. Average Headcount

Details of Prosegur's average headcount for the six-month periods ended 30 June 2015 and 30 June 2014 are as follows:

|                          | 30/06/2015     | 30/06/2014     |
|--------------------------|----------------|----------------|
| Male                     | 137,332        | 133,157        |
| Female                   | 25,215         | 22,115         |
| <b>Average Headcount</b> | <b>162,547</b> | <b>155,272</b> |

## 25. Events after the reporting date

At 30 June 2015 no subsequent events significantly affecting such condensed consolidated financial statements have taken place.



## APPENDIX I.- Summary of the Main Accounting Principles

### *Standards effective from 01 January 2015 that could require changes to accounting policy and changes to presentation*

The accounting principles used in the preparation of these financial statements for the six-month period ended 30 June 2015 are the same as those followed in the preparation of the annual consolidated financial statements for 2014.

In addition, in 2015 the following regulations were enforced that were published by the IASB and the IFRS Interpretations Committee and adopted by the European Union for their application in Europe, and which were therefore considered in preparing these interim financial statements:

| <b>Standards</b>  | <b>Mandatory application:<br/>years starting as of:<br/>Effective date of IASB</b> |
|---|--|
| IAS 19 Employee Benefits: Defined pension plans (modifications to the IAS 19) | 1 July 2014  |
| Various Improvements to the IFRS (2010 – 2012)                                | 1 July 2014  |
| Various Improvements to the IFRS (2011 – 2013)                                | 1 July 2014  |

- Amendments to IAS 19 - Employee Benefits. It simplifies the accounting of contributions made to defined benefit plans by employees that do not depend on the number of years in employment, being able to recognise such contributions as a reduction in the cost of the service in the year in which they are made, instead of allocating contributions throughout the years of service. Effective for annual periods beginning on or after 01 February 2015.

- Annual amendments to IFRS, 2010-2012. IAS 16 – Property, Plant and Equipment, IAS 38 – Intangible assets, IAS 24 – Information to be disclosed on related parties, IFRS 2- Share-based payments, IFRS 3 – Business Combinations and IFRS 8 – Operating Segments. Effective for annual periods beginning on or after 01 February 2015.

- Annual amendments to IFRS, 2011-2013. IFRS 3 – Business Combination, IFRS 13 – Measurement of fair value and IAS 40 – Real estate investments. Effective for annual periods beginning on or after 01 January 2015.

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

At the date of drawing up these consolidated summarised interim financial statements, the following IFRS, enmiendas e interpretaciones del IFRIC habían sido publicadas por el IASB pero no eran de aplicación obligatoria:

| <b>Standards</b>             | <b>Mandatory application:<br/>years starting as of:<br/>Effective date of IASB</b>   |
|------------------------------|--|
| IAS 16<br>IAS 38             | Clarification of acceptable redemption and depreciation methods (issued on 12 May 2014)<br>1 January 2016                            |
| IFRS 11                      | Accounting of the purchase of interests in joint agreements (issued on 6 May 2014)<br>1 January 2016                                 |
| IFRS 14                      | Accounts of deferrals of regulated activities (issued on 30 January 2014)<br>1 January 2016  |
| IAS 27                       | The method of participating in the separate statements (issued on 12 August 2014)<br>1 January 2016                                  |
| IFRS 10<br>IAS 28            | Sale or provision of assets between an investor and their associate or joint venture (issued on 11 September 2014)<br>1 January 2016 |
| Various                      | Annual improvements to the IFRSs 2012 – 2014 (issued on 25 September 2014)<br>1 January 2016   |
| IFRS 10<br>IFRS 12<br>IAS 28 | Investment institutions:<br>Exception to consolidation (issued on 18 December 2014)<br>1 January 2016                                |
| IAS 1                        | Information to be revealed (issued on 18 December 2014)<br>1 January 2016  |
| IFRS 15                      | Income from contracting with customers (issued on 28 May 2014)<br>1 January 2017   |
| IFRS 9                       | Financial instruments (issued on 24 July 2014)<br>1 January 2018   |

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

On the date of these consolidated interim financial statements, none of these regulations is expected to have a significant effect on the consolidated summarised interim financial statements of the Group.

## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR THE FIRST HALF OF 2015

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the financial information selected by Prosegur Compañía de Seguridad, S.A., and the condensed interim consolidated financial statements of Prosegur Compañía de Seguridad, S.A. and subsidiaries for the first half of 2015, authorised for issue by the Board of Directors at the meeting held on 28 July 2015 and prepared in accordance with applicable accounting principles, give a true and fair view of the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective interim directors' reports provide a reliable analysis of the required information.

Madrid, 28 July 2015.

(Not signed due to absence) <sup>1</sup>

Ms Helena Irene Revoredo Delvecchio  
Chair

Mr Isidro Fernández Barreiro  
Vice-chairman

Mr Christian Gut Revoredo  
Managing Director

Ms Mirta María Gieso Cazenave  
Director

Ms Chantal Gut Revoredo  
Director

Mr Pedro Guerrero Guerrero  
Director

Mr Eduardo Paraja Quirós  
Director

Mr Eugenio Ruiz-Gálvez Priego  
Director

Mr Fernando Vives Ruíz  
Director

<sup>1</sup> Ms. Helena Irene Revoredo Delvecchio was unable to attend the meeting of the board of directors held on 28 July 2015, having appointed a representative and expressly stated her approval of the First Half of 2015.

Certification attesting that, at their meeting held in Madrid on 28 July 2015, the Board of Directors of Prosegur Compañía de Seguridad, S.A. drew up the half-yearly financial report for the first half of 2015, which comprises the following documents: selected individual financial information; selected consolidated financial information; the condensed interim consolidated financial statements and interim directors' report of Prosegur Compañía de Seguridad, S.A. and subsidiaries; and the directors' statement of responsibility. All of these documents refer to the first half of 2015 and were unanimously authorised for issue by the Board of Directors of the Company at the meeting held on the above-mentioned date, as required by article 35 of Law 24/1988 of 28 July 1988 on the Securities Market.

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

In accordance with the applicable legislation in force, the directors currently comprising the Board of Directors of the Company have signed the last page of this document, to which I, the Secretary to the Board of Directors, bear witness in Madrid on 28 July 2015.

Signed Ms Sagrario Fernández Barbé  
Secretary (non-director) to the Board

(Not signed due to absence) <sup>1</sup>

Ms Helena Irene Revoredo Delvecchio  
Chair

Mr Isidro Fernández Barreiro  
Vice-chairman

Mr Christian Gut Revoredo  
Managing Director

Ms Mirta María Gieso Cazenave  
Director

Ms Chantal Gut Revoredo  
Director

Mr Pedro Guerrero Guerrero  
Director

Mr Eduardo Paraja Quirós  
Director

Mr Eugenio Ruiz-Gálvez Priego  
Director

Mr Fernando Vives Ruíz  
Director

<sup>1</sup> Ms. Helena Irene Revoredo Delvecchio was unable to attend the meeting of the board of directors held on 28 July 2015, having appointed a representative and expressly stated her approval of the First Half of 2015.

**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES**

**Consolidated interim directors' report for the six-month period ended  
30 June 2015**

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

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## **Consolidated interim directors' report for the six-month period ended 30 June 2015**

### **1. Significant events subsequent to year-end 2014**

The most significant transactions and events for Prosegur during the first half of year 2015 are summarised below:

On 18 March 2015, the syndicated loan contracted on 12 June 2014 for a total of 400,000 thousand euros was renewed. The renewal supposed a change in the price conditions and postponed the maturity until 18 March 2020.

On 22 April 2015 the National Securities Market Commission and Competition lodged a case for sanction against the Company, and its subsidiary Prosegur España, S.L., along with another competitor on the Spanish market for possible restrictive practice of competition prohibited in article 1 of Law 15/2007 of 3 July in Defence of Competition, and in article 101 of the Treaty of Operation of the European Union. The lodging of this case does not prejudice the final result of the investigation. The maximum period for investigating and resolving the case is 18 months from the said date.

The assessment made by the National Securities Market Commission and Competition may result in additional liabilities at the end of the proceedings. 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.

### **2. Business Performance**

#### **2.1. Sales by geographical area**

Prosegur's consolidated sales for the first half of 2015 amounted to EUR 1,952 million (EUR 1,809.6 million at 30 June 2014), which represents a total increase of 7.9%, of which 5.8% corresponds to purely organic growth, 0.2% to inorganic growth, while the effect of the exchange rate accounts for an increase of 1.9%.

Consolidated sales are distributed by geographical area as follows:

|                       | Millions of Euros |                |
|-----------------------|-------------------|----------------|
|                       | June 2015         | June 2014      |
| Europe & Asia-Pacific | 779.1             | 777.6          |
| LatAm                 | 1,173.4           | 1,031.9        |
| <b>Total Prosegur</b> | <b>1,952.6</b>    | <b>1,809.6</b> |

The largest increase in sales occurred in LatAm, where in the six months up to 30 June 2015, they experienced a total growth over the same period in 2014 of 13.7%, of which 10.7% corresponds to pure organic growth, 0.3% to inorganic growth and the exchange rate effect supposes an increase of 2.7%.

## 2.2. Sales by business area

Consolidated sales are distributed by business area as follows:

|                                  | Millions of Euros |                |
|----------------------------------|-------------------|----------------|
|                                  | June 2015         | June 2014      |
| Comprehensive Security Solutions | 979.8             | 931.2          |
| <i>% of total</i>                | <i>50.2%</i>      | <i>51.5%</i>   |
| CiT-CP                           | 869.3             | 790.2          |
| <i>% of total</i>                | <i>44.5%</i>      | <i>43.7%</i>   |
| Alarms                           | 103.5             | 88.2           |
| <i>% of total</i>                | <i>5.3%</i>       | <i>4.9%</i>    |
| <b>Total Prosegur</b>            | <b>1,952.6</b>    | <b>1,809.6</b> |

## 2.3. Margins

The consolidated operating profit (EBIT) for the first half of 2015 was EUR 142.7 million (EUR 130.4 million at 30 June 2014). The EBIT margin at the end of the first half of 2015 stood at 7.3% (7.2% at 30 June 2014).



The EBIT margin is distributed by geographical area as follows:

|             | <b>Millions of Euros</b>        |              |                 |
|-------------|---------------------------------|--------------|-----------------|
|             | <b>at 30 June 2015</b>          |              |                 |
|             | <b>Europe-Asia-<br/>Pacific</b> | <b>LatAm</b> | <b>Prosegur</b> |
| Sales       | 779.1                           | 1,173.4      | 1,952.5         |
| EBIT        | 23.2                            | 119.5        | 142.7           |
| EBIT margin | 3.0%                            | 10.2%        | 7.3%            |

|             | <b>Millions of Euros</b>        |              |                 |
|-------------|---------------------------------|--------------|-----------------|
|             | <b>at 30 June 2014</b>          |              |                 |
|             | <b>Europe-Asia-<br/>Pacific</b> | <b>LatAm</b> | <b>Prosegur</b> |
| Sales       | 777.7                           | 1,031.9      | 1,809.6         |
| EBIT        | 21.0                            | 109.4        | 130.4           |
| EBIT margin | 2.7%                            | 10.6%        | 7.2%            |

## 2.4. Outlook for the second half of year 2015

The Europe-Asia-Pacific region maintains its recovery started in 2014, driven by the recovery of the Spanish market and the growth of Germany and Portugal in line with their respective economies, whereas France maintained the margins protection and optimisation policies started at the beginning of the year.

In the area of Latin America, organic growth of over 10% is still appreciated despite the seasonal effect of the time of the year and the obvious slowing of the Brazilian economy.

By business lines, there has been excellent growth of the alarms business in both regions, in line with the strategic drive being applied to this activity. There is general growth in all regions for the rest of the business areas, and a particularly strong recovery in Integrated Security Services in LatAm and the growth of the values logistics and cash management activity in Europe, which is above the average growths of the corresponding countries.

Prospects for the second half of 2015 are in line with forecasts for both areas, in accordance with the evolution of the economies of the principal countries of operation of the group and without significant changes in the performance of the different business activities.

During the six-month period ended 30 June 2015, there have been no other significant events or circumstances concerning business performance which have required anticipation of potential risks or uncertainties for the second half of year 2015. Furthermore, no additional significant contingent liabilities have arisen other than those mentioned in the consolidated annual accounts at 31 December 2014.

### 3. Average Headcount

Details of Prosegur's average headcount for the six-month periods ended 30 June 2015 and 30 June 2014 are as follows:

|                          | <b>Total Prosegur</b> |                  |
|--------------------------|-----------------------|------------------|
|                          | <b>June 2015</b>      | <b>June 2014</b> |
| Male                     | 137,332               | 133,157          |
| Female                   | 25,215                | 22,115           |
| <b>Average headcount</b> | <b>162,547</b>        | <b>155,272</b>   |

### 4. Investments

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

During the first half of year 2015, investments were made in fixed assets totalling EUR 97.0 million (EUR 74.6 million at 30 June 2014).

## 5. Financial Management

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

The net financial debt at 30 June 2015 amounted to EUR 650.1 million (EUR 564.4 million at 31 December 2014).

The ratio of net financial debt to equity at 30 June 2015 stood at 0.77 (0.65 at 31 December 2014).

On 18 March 2015, the syndicated credit contracted on 12 June 2014 was renewed with changes in the prices and postponement of maturity until 18 March 2020. At 30 June 2015 the outlaid balance is 75 millions euros (40 millions euros at 31 December 2014).

## 6. Treasury Stock

The breakdown of the activity on the own shares account for the first half of year 2015 is as follows:

|                                   | <b>Number of shares</b> | <b>Millions of Euros</b> |
|-----------------------------------|-------------------------|--------------------------|
| Balance at 31 December 2014       | 18,756,890              | 53.5                     |
| Shares sale                       | -                       | -                        |
| Other shares granted to employees | -                       | -                        |
| <b>Balance at 30 June 2015</b>    | <b>18,756,890</b>       | <b>53.5</b>              |

## 7. Environmental Issues

At 30 June 2015, Prosegur has no environment-related contingencies, legal claims or income and expenses relating to the environment.

In accordance with the Prosegur's environmental policy, investments continue to be made in armoured vehicles that meet the Euro III standard on the emission of non-polluting particles.

## **8. Subsequent Significant Events**

At 30 June 2015 no subsequent events significantly affecting such condensed consolidated financial statements have taken place.