

Consolidated annual accounts and management report for the fiscal year ended on December 2016



CA Consolidated Annual Accounts

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**I. CONSOLIDATED INCOME STATEMENTS FOR THE FISCAL YEARS ENDING ON 31 DECEMBER 2016
AND 2015**

(In thousands of euros)

	Note	2016	2015
Ordinary revenue	3	3,902,266	3,959,384
Costs to sell	4	(2,989,970)	(3,026,798)
Gross profit		912,296	932,586
Other income	6	8,360	15,418
Sale and administrative expenses	4	(554,301)	(599,968)
Other expenses	6	(28,560)	(14,176)
Share of profits/losses of fiscal year accounted for under the equity method	15	(4,893)	(9,615)
Operating profit/loss (EBIT)		332,902	324,245
Finance income	7	16,150	27,358
Finance expenses	7	(74,803)	(63,687)
Net financial expenses		(58,653)	(36,329)
Profit before tax		274,249	287,916
Income tax	27	(140,118)	(104,547)
Post-tax profit from continuing operations		134,131	183,369
Consolidated profit for the year		134,131	183,369
Attributable to:			
Owners of the parent		134,160	183,378
Non-controlling interests		(29)	(9)
Earnings per share from continuing operations attributable to the owners of the parent (euros per share)			
— Basic	8	0.2242	0.3065
— Diluted	8	0.2242	0.3065

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

**II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER
2016 AND 2015**

(In thousands of euros)

	Note	2016	2015
Profit/loss for the year		134,131	183,369
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial gains (losses) on defined benefit plans	5.2	(634)	635
		(634)	635
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations	22	44,146	(269,361)
		44,146	(269,361)
Total comprehensive income for the year, net of tax		177,643	(85,357)
Attributable to:			
— Owners of the parent		177,671	(85,348)
— Non-controlling interests		(28)	(9)

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III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Note	2016	2015
ASSETS			
Property, plant and equipment	11	558,021	467,101
Goodwill	12	528,366	494,151
Other intangible assets	13	256,736	245,972
Investment property	14	—	83,678
Investments accounted for using the equity method	15	30,234	18,328
Non-current financial assets	17	9,600	8,324
Deferred tax assets	27	185,628	163,959
Non-current assets		1,568,585	1,481,513
Inventory	18	86,654	69,695
Trade and other receivables	19	943,225	838,312
Current tax asset		147,061	68,001
Non-current assets held for sale	14	64,701	448
Other financial assets	20	—	739
Cash and cash equivalents	21	824,634	316,434
Current assets		2,066,275	1,293,629
Total assets		3,634,860	2,775,142
EQUITY			
Share capital	22	37,027	37,027
Share premium	22	25,472	25,472
Own shares	22	(53,315)	(53,493)
Translation differences	22	(470,371)	(514,517)
Retained earnings and other reserves	22	1,212,118	1,205,467
Equity attributable to equity holders of the Parent		750,931	699,956
Non-controlling interests	22	569	(330)
Total equity		751,500	699,626
LIABILITIES			
Financial Liabilities	24	1,223,597	617,291
Deferred tax liabilities	27	108,161	116,838
Provisions	23	238,612	178,440
Non-current liabilities		1,570,370	912,569
Suppliers and other payables	25	785,693	692,677
Current tax liabilities		123,929	82,725
Financial Liabilities	24	358,383	338,249
Provisions	23	4,374	8,133
Other current liabilities	26	40,611	41,163
Current liabilities		1,312,990	1,162,947
Total liabilities		2,883,360	2,075,516
Total equity and liabilities		3,634,860	2,775,142

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Equity attributable to equity holders of the Parent					Retained earnings and other reserves (Note 22)	Non-controlling interests	Total equity
	Share capital (Note 22)	Share premium (Note 22)	Own shares (Note 22)	Other equity instruments (Note 22)	Translation differences (Note 22)			
Balance at 1 January 2015	37,027	25,472	(53,493)	3,401	(245,156)	1,085,402	11,408	864,061
Total comprehensive income for the year	—	—	—	—	(269,361)	184,013	(9)	(85,357)
Dividends	—	—	—	—	—	(65,947)	—	(65,947)
Other movements	—	—	—	(3,401)	—	1,999	(11,729)	(13,131)
Balance at 31 December 2015	37,027	25,472	(53,493)		(514,517)	1,205,467	(330)	699,626
Total comprehensive income for the year	—	—	—	—	44,146	133,526	(29)	177,643
Share-based incentives exercised by employees	—	—	178	—	—	—	—	178
Dividends	—	—	—	—	—	(130,799)	—	(130,799)
Other movements	—	—	—	—	—	3,924	928	4,852
Balance at 31 December 2016	37,027	25,472	(53,315)	—	(470,371)	1,212,118	569	751,500

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Note	2016	2015
Cash flows from operating activities			
Profit/loss for the year		134,131	183,369
<i>Adjustments for:</i>			
Depreciation and amortisation	11, 13,14	116,412	124,146
Impairment losses on non-current assets	11, 13	309	106
Impairment losses on trade receivables and stock	18, 19	25,389	12,713
Impairment losses on other financial assets	7	—	3,027
Other revenues and expenses		1,519	(13,627)
Change in provisions	23	81,468	85,390
Change in provisions	7	(16,150)	(27,358)
Finance expenses	7	74,803	60,660
Gains/losses on derecognition and sale of fixed assets	6	5,211	(24)
Share of profits/losses of fiscal year accounted for under the equity method	15	4,893	9,615
Income tax	27	140,118	104,547
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		(21,974)	(24,426)
Trade and other receivables		(121,935)	(80,679)
Suppliers and other payables		85,972	87,173
Payment of provisions	23	(56,844)	(86,041)
Other liabilities		(675)	3,816
Cash from operating activities			
Pagos de intereses		(33,233)	(27,791)
Income tax paid		(151,326)	(115,921)
Net cash from operating activities		268,088	298,695

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

V. CONSOLIDATED CASH FLOW STATEMENTS FOR YEARS ENDED 31 DECEMBER 2016 AND 2015

(In thousands of euros)

	Note	2016	2015
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,536	13,176
Proceeds from sale of investment properties	14	4,943	—
Proceeds from sale of financial assets		1,768	10,236
Interest collection		3,311	5,608
Proceeds from sale of subsidiaries net of cash and cash equivalents		741	—
Investments accounted for using the equity method		—	(3,613)
Acquisition of subsidiaries, net of cash and cash equivalents		(10,961)	(2,533)
Acquisition of property, plant and equipment	11	(151,229)	(123,566)
Acquisition of intangible assets	13	(14,802)	(20,354)
Acquisition of investment property	14	—	(71,315)
Acquisition of joint ventures, net of cash and cash equivalents	15	(19,890)	—
Acquisition of financial assets		(1,750)	(2,877)
Net cash from investing activities		(184,333)	(195,238)
Cash flows from financing activities			
Collections from sales of own shares		—	—
Proceeds from other financial liabilities		—	3,782
Proceeds from loans and borrowings	24	711,743	82,345
Payments for loans and borrowings	24	(129,429)	(34,312)
Payments for other financial liabilities		(38,359)	(25,510)
Dividends paid	9	(120,224)	(63,906)
Net cash from financing activities		423,731	(37,601)
Net increase (decrease) in cash and cash equivalents		507,486	65,856
Cash and cash equivalents at the beginning of period		316,434	285,056
Effect of exchange differences		714	(34,478)
Cash and cash equivalents at the end of the period		824,634	316,434

The notes included on pages 134 to 248 are an integral part of these consolidated annual accounts

VI. Consolidated annual accounts as of 31 december 2016

1. General Information

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

Prosegur is organised into the following geographical areas:

- Europe, Asia, Australia and Africa (hereinafter, EAAA), substituting the previous Europe & Asia-Pacific geographical area as a result of the inclusion of Africa.
- Latin America (LatAm).

The services rendered by Prosegur fall under the following activity lines:

- Security
- Cash
- Alarms

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid and the holder of 50.075% of the shares of Prosegur Compañía de Seguridad, S.A., which includes Prosegur in its consolidated financial statements.

Prosegur Compañía de Seguridad, S.A., is a public limited company whose shares are listed on the Madrid and Barcelona Stock Exchanges and which is traded over the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is registered on the Madrid Trade Register. Prosegur Compañía de Seguridad, S.A. has its registered business address in Madrid, at Calle Pajaritos, no. 24.

Its corporate purpose is described in article 2 of its company by-laws. The main purpose of the Company is to render the following services and activities using its subsidiary companies:

- The surveillance and protection of establishments, assets and people.
- The transport, deposit, safekeeping, counting and classification of currency and notes, bonds, securities and other objects that, due to their economic value or their danger, may require special protection.
- The installation and maintenance of security apparatuses, devices and systems.

These consolidated annual accounts were drawn up by the Board of Directors on 30 January 2017 and are pending approval by the shareholders at their General Shareholders' Meeting. However, the directors consider that these consolidated annual accounts shall be approved with no changes.

According to the Extraordinary General Shareholders' Meeting, held on 2 December 2016, the disposal or contribution of shares of Prosegur Cash, S.A., a subsidiary of the Prosegur Group, is authorised by means of an offer for sale and/or stock market flotation.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A., is the parent company of a group made up of subsidiaries (Appendix I). In addition, Prosegur has Joint Arrangements (Note 15, 16 and Appendix II).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 17).

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

2. Basis of Presentation

The consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter EU- IFRS) and other applicable financial reporting regulations to present fairly the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries as of December 2016, as well as the consolidated profit and loss from its operations and consolidated cash flows for the year then ended.

Any information or breakdowns, details of which due to qualitative importance are not required, that were not considered material or that have no relative importance, in accordance with the concept of Relative Importance defined in the conceptual framework of the EU-IFRS, have been omitted from these annual accounts.

2.1. Changes in the consolidated group

In 2016, the following companies were incorporated or dissolved:

- In January 2016, a joint venture was incorporated in India for the alarms activity, under the name SIS Prosegur Alarms Monitoring and Response Services Pte, Ltd.

- In February 2016, Prosegur Ciberseguridad S.A.S. was incorporated in Colombia.
- In February 2016, the company Prosegur CIT Holding S.L.U. was incorporated in Spain. On 21 September 2016, it changes its name to Prosegur Cash, S.A.
- In March 2016, Prosegur Holding CIT ARG S.A., Prosegur Sistemas Integrales de Seguridad S.A. and Prosegur Seguridad y Vigilancia, S.A. were incorporated in Argentina.
- In May 2016, Beagle Control (Pty) Ltd was incorporated in South Africa.
- In June 2016, Beagle Technical (Pty) Ltd was incorporated in South Africa.
- In June 2016, Prosegur Services France S.A.S. was incorporated in France.
- In June 2016, Prosegur Ciberseguridad S.L. was incorporated in Spain.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Paraguay.
- In July 2016, the company Prosegur Asset Management Pty was incorporated in Australia.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Argentina.
- In November 2016, the company Prosegur Assets Management, S.A., was incorporated in Spain.
- In December 2016, Prosegur CIT Integral Systems India Private, Ltd., was incorporated in India.

Furthermore, the following mergers took place between subsidiaries in 2016:

- In May 2016, the take-over merger of Prosegur Securite Nord, SAS, by Prosegur Securite Humaine, SAS, was formalised in France.
- In May 2016, the take-over merger of Prosegur Securite EST, SAS, by Prosegur Securite Humaine, SAS, was formalised in France.
- In September 2016, the take-over merger of Prosegur Securite Rubis, SAS, and Prosegur Securite Opale, SAS, by Prosegur Securite Humaine, SAS, was formalised in France.

On 28 September 2016, Prosegur sold 100% of the Chilean company Sociedad de Distribución Canje y Mensajería, Ltda., for CLP 3.150 millions (the equivalent in euros at the time of the operation totalled EUR 4,282 thousand), of which CLP 1,575 millions were collected in 2016 (equivalent to EUR 2,140 thousand at the time of payment in 2016) (Note 6).

The cash and cash equivalents sold with the company totalled CLP 434,462 thousand (equivalent to EUR 590 thousand at the time of the transaction).

The net assets of the company at the time of its sale amounted to 3,420,585 thousand Chilean pesos (equivalent to EUR 4,863 thousand at the time of the transaction). The sale resulted in a loss for Prosegur of EUR 581 thousand (Note 6).

In 2016, the company CTP Centro de Treinamento Prosegur, Ltda., was liquidated in Brazil, the company Prosegur Tecnología Paraguay, S.A., was liquidated in Paraguay and the company Transportadora de Valores Silviland, S.A., was liquidated in Uruguay.

Additionally, all other changes in the consolidated group in 2016 correspond to acquisitions of subsidiaries whose information is detailed in Note 30.

2.2. Comparative information

Consolidated annual accounts are shown for comparative purposes, with each item from the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements, in addition to the consolidated figures from 2016 and those corresponding to the previous fiscal year.

2.3. Estimates, assumptions and relevant judgements

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

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

Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments in the year ending on December 2016 are included in the following notes:

- Business combinations: determination of the interim fair values (Notes 30 and 35.2).
- Impairment of property, plant and equipment and intangible assets: assumption for the calculation of recoverable amounts (Notes 11, 12, 13, 14, 35.6, 35.7, 35.8 and 35.9).
- Available-for-sale financial assets: assumptions used to determine fair values (Note 17 and 35.10).
- Recognition and measurement of provisions and contingencies: assumptions to determine the probability of occurrence and the estimate amounts of resource outflows (Notes 23, 28 and 35.15).
- Recognition and valuation of the defined benefit plans for employees: actuarial assumptions for the provision of defined benefit plans for employees (Notes 5.2, 23 and 35.18).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (Notes 27 and 35.17).
- Revenue recognition: determination of the degree of progress for construction contracts (Note 35.22).

Relevant judgements

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

- Consolidation: control determination (Note 35.2).
- Leases: lease classification (Note 35.20).
- Investment property-Non current asset held for sale (Note 35.8 and 35.23)

Determination of fair values

Certain Prosegur accounting policies and details require the determination of fair values for assets and liabilities, financial as well as non-financial.

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

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

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

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

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

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

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

- Note 17: Available-for-sale financial assets.
- Note 30: Business combinations.
- Note 32.3: Financial instruments and fair value.

3. Ordinary revenue

Details of ordinary revenues are as follows:

Thousands of euros		
	2016	2015
Rendering of services	3,752,307	3,799,424
Goods sold	6,995	8,429
Operating lease revenues	142,964	151,531
Total ordinary revenues	3,902,266	3,959,384

Operating lease revenues contains revenues from alarm system rentals.

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

4. Cost of sales and administrative and selling expenses

The main expenditure items that compose the cost of sales and administrative and selling expenses headings are itemised below:

Thousands of euros		
	2016	2015
Supplies	184,603	163,703
Employee benefits expense	2,364,638	2,409,845
Operating leases	46,792	48,838
Supplies and external services	232,214	224,113
Depreciation and amortisation	54,613	56,842
Other expenses	107,110	123,457
Total costs to sales	2,989,970	3,026,798
Supplies	5,051	3,639
Employee benefits expense	277,597	302,984
Operating leases	38,158	38,379
Supplies and external services	108,005	114,028
Depreciation and amortisation	61,799	67,304
Other expenses	63,691	73,634
Total sale and administrative expenses	554,301	599,968

Total supplies in the consolidated income statement for 2016 amount to EUR 189,654 thousand (in 2015: EUR 167,342 thousand).

5. Employee benefits

5.1. Employee benefits expenditure

Details of employee benefits expenditures are as follows:

Thousands of euros	2016	2015
Salaries and wages	1,932,743	1,970,969
Social Security	511,927	522,018
Other employee benefits expenses	123,463	127,709
Termination payments	74,102	92,133
Total employee benefits expense	2,642,235	2,712,829

With regard to the 2014 and 2017 long-term incentive plans for the Managing Director and Senior Management of Prosegur (Note 35.18), the expense accrued during 2016, for the amount of EUR 4,260 thousand, was included under the salaries and wages heading (Note 23) (2015: EUR 4,852 thousand).

5.2. Employee benefits

Prosegur makes contributions to three defined benefit plans in France, Brazil and Germany. The defined benefit plan comprises post-employment healthcare. This benefit is required by Law 9656 in that country, while the defined benefit plans in France and Germany consist of retirement premiums.

During financial year 2016, the amount recognised as the greater cost in the P&L account under the heading of personnel costs amounts to EUR 1,310 thousand (in 2015: a lesser cost of EUR 412 thousand).

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

Thousands of euros	2016	2015
Balance as of January 1	6,439	8,573
Net cost for period	1,310	(412)
Plan contributions	(244)	(74)
Actuarial loss/profit	955	(961)
Translation differences	729	(687)
Balance as of December 31	9,189	6,439

During 2016, the negative impact on equity arising from actuarial losses amounted to EUR 634 thousand (positive impact of EUR 635 thousand in 2015) (Note 23).

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

Thousands of euros						
	Brazil		France		Germany	
	2016	2015	2016	2015	2016	2015
Non-current	4,083	1,733	4,492	4,023	614	613
Current	—	70	—	—	—	—
Total liabilities for employee benefits	4,083	1,803	4,492	4,023	614	613

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

Thousands of euros						
	Brazil		France		Germany	
	2016	2015	2016	2015	2016	2015
Balance as of January 1	1,803	3,007	4,023	4,948	613	618
Net cost for period	1,040	518	269	(925)	1	(5)
Plan contributions	(56)	(74)	(188)	-	—	—
Actuarial loss/profit	567	(961)	388	-	—	—
Translation differences	729	(687)	-	-	—	—
Balance as of December 31	4,083	1,803	4,492	4,023	614	613

As of 31 December 2016, Brazilian defined benefit plans include 18,945 employees and 83 retirees (20,637 employees and 81 retirees in 2015). France's plan had 5,097 employees in 2016 (4,666 employees in 2015). Germany's plan had 2 employees as of 31 December 2016 (2 employees in 2015).

There are no benefit plan assets in any of the countries, except for the German defined benefit plan, whose fair value as of 31 December 2016 and 2015 amounts to EUR 202 thousand.

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

Thousands of euros						
	Brazil		France		Germany	
	2016	2015	2016	2015	2016	2015
Inflation	5.0%	5.0%	1.0%	1.0%	0.6%	0.3%
Discount rate	5.7%	7.2%	1.4%	2.1%	2.1%	2.1%
Retirement age	n/a	n/a	65	65	65	65

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

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

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

Brazil		France		Germany	
2016	2015	2016	2015	2016	2015
AT 2000 smoothed in 10% segregated by gender	AT 83 segregated by gender	INSEE 2014	INSEE 2014	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G

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

6. Other revenues and expenses

Other expenses

Details of other expenses are as follows:

Thousands of euros			
		2016	2015
Impairment losses on trade receivables	(Note 19)	(20,739)	(10,698)
Impairment losses on non-current assets	(Note 11, 13)	(309)	(106)
Net gains/losses on disposal of fixed assets		(5,211)	24
Other expenses		(2,301)	(3,396)
Total other expenses		(28,560)	(14,176)

The heading for (net profits)/losses due to the disposal of fixed assets mainly reflects the losses associated with derecognitions of property, plant and equipment amounting EUR 3,973 thousand (EUR 3,076 thousand as of 31 December 2015), which correspond mainly to alarm installations that Prosegur leases to third parties under operating leases. As of 31 December 2015, it also reflected profits totalling EUR 3,100 thousand from the disposal of a property located at Calle Pajaritos 24 in Madrid (Note 31).

The other expenses heading mainly includes the loss on the sale of two floors of the Torre Intercontinental in Argentina (Note 14) totalling EUR 743 thousand, as well as the recorded loss arising from the agreement to sell a series of Chinese companies for the amount of EUR 507 thousand (Note 15) and the loss on the sale of 100% of the Chilean company Sociedad de Distribución Canje y Mensajería, Ltda., totalling EUR 581 thousand (Note 2.1).

Other income

The caption "other revenue", which amounts to EUR 8,360 thousand (2015: EUR 15,418 thousand), mainly includes the revenue generated from property investments located in Buenos Aires. These properties, which were classified under investment properties (Note 14) have been reclassified at 31 December 2016 under non current asset held for sale caption. The income generated in 2016 amounts to EUR 6,130 thousand (2015: EUR 4,089 thousand).

At 2016 year end the properties are leased for a length of between 2 and 3 years. The minimum future inflows by the mentioned leases are the following:

Thousands of euros	2016	2015
Up to one year	5,314	6,181
One to five years	9,392	506
More than five years		
Más de cinco años	—	—
	14,706	6,687

As of 31 December 2015, it also reflected the revenue associated with the payment of debt from deferred payments, arising from the acquisition of Imperial Dragon Security, Ltd., (Note 24) for an amount of EUR 5,388 thousand.

7. Net financial expenses

Details of the net financial expenses are as follows:

Thousands of euros		
	2016	2015
Interest paid:		
- Loans and borrowings	(11,773)	(14,718)
- Debentures and other negotiable securities	(14,598)	(14,574)
- Loans from other entities	(393)	(960)
- Securitisation programme	(8)	(86)
- Finance leases	(2,440)	(1,965)
	(29,212)	(32,303)
Interest received:		
- Loans and other investments	6,836	5,608
	6,836	5,608
Other results		
Net gains/losses on foreign currency transactions	(15,277)	9,927
(Losses) /gains on the fair value of derivative financial instruments	—	—
Other results on transactions with derivative financial instruments	—	—
Impairment losses of investments in equity instruments (Note 17)	—	(3,027)
Other finance income	9,314	11,823
Other finance costs	(30,314)	(28,357)
	(36,277)	(9,634)
Net financial expenses	(58,653)	(36,329)
Total finance income	16,150	27,358
Total finance costs	(74,803)	(63,687)
	(58,653)	(36,329)

The main variation of the 2016 financial results with respect to 2015 are differences due to transactions in a foreign currency other than the functional currency in each country, mainly Argentina.

Prosegur estimated the fair value of its investment in Capitolotre, S.P.A., as of 31 December 2015, concluding that objective evidence existed to support that this investment had sustained a decrease in value estimated at EUR 3,027 thousand. The investment was fully depreciated starting as of December 2015 (see Note 17).

As of 31 December 2016 and 2015, Prosegur has no derived financial instruments.

8. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the fiscal year attributable to the owners of the parent company by the weighted average number of outstanding ordinary shares during the fiscal year, excluding the own shares acquired by the Company (Note 22.1).

Euros		
	2016	2015
Profit for the year attributable to owners of the parent	134,160,409	183,377,845
Weighted average number of ordinary outstanding shares	598,429,770	598,367,750
Basic earnings per share	0.2242	0.3065

Diluted

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

Euros		
	2016	2015
Profit for the year attributable to owners of the parent	134,160,409	183,377,845
(Diluted) weighted average number of ordinary shares outstanding	598,429,770	598,367,750
Diluted earnings per share	0.2242	0.3065

There are no binding potential adjustments for outstanding shares (Note 35.18).

9. Dividends per share

The Board of Directors will motion the General Shareholders' Meeting to approve a distribution of a dividend of EUR 0.1105 per share, or a total maximum amount of EUR 68,189 thousand (considering that share capital is currently divided into 617,124,640 shares). This dividend shall be paid to the shareholders in four payments of EUR 0.0276 per share in circulation on the date of each payment in the months of July and October 2017 and January and April 2018. The amount not distributed as a dividend on the total maximum amount agreed, as a result of the own shares on the date of each payment shall be devoted to voluntary reserves.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 17,047 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

At the General Shareholders' Meeting held on 27 April 2016, shareholders approved the distribution of dividends amounting to EUR 68,189 thousand (EUR 0.1105 per share). When this meeting was held, share capital was divided into 617,124,640 shares. Shareholders received 50% of the approved dividends, i.e. EUR 34,095 thousand, in July and October 2016. The remaining payments to shareholders, each representing 25% of the approved amount, will be made in January and April 2017. As of December 2016, dividends payable of EUR 34,094 thousand have been recognised under current liabilities as other payables under suppliers and other accounts payable.

On 2 December 2016, the Extraordinary General Shareholders' Meeting approved the distribution of an extraordinary cash dividend of EUR 0.1002 gross per share charged to freely-distributable reserves, representing a maximum total dividend of EUR 61,874 thousand (considering that the current share capital is divided into 617,124,640 shares). This dividend has been paid to shareholders on 12 December 2016.

10. Segment reporting

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

Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms.

Corporate functions are supervised by the Global Support Divisions that cover the Financial-Economic, Human Resources and External Relations, Risk Management, Legal, M&A, Strategy and Product Development areas. From a geographical perspective, the main segments identified are:

- EAAA, which includes the following countries: Spain, Germany, France, Luxembourg (despite not being a jurisdiction with operational activity, Luxembourg is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., which has the corporate purpose of insurance coverage), Portugal, Singapore, India, China, South Africa and Australia.
- LatAm (Latin America), which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

These geographical segments, in turn, include the following activity segments:

- Security: mainly includes the activities of surveillance and protection of premises, property and persons and activities related to technological security and cybersecurity solutions.

- Cash: mainly the transportation, storage, custody, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: includes installation and maintenance of home alarms, as well as alarm monitoring by the ARC.

The following amounts were used for segment reporting:

- EBITDA (see Note 35.27): Consolidated income for the fiscal year before net financial expenses, taxes, amortisation and depreciation.
- EBIT (see Note 35.27): Consolidated income for the fiscal year before net financial expenses and taxes.

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

Prosegur is not highly dependent on any particular clients (Note 32.1).

Inter-segment transactions are carried out at arm's length.

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

Total liabilities allocated to segments do not include derivative financial liabilities or loans and borrowings, except for finance lease payables, as financing is managed at Prosegur Group level.

The detail of the ordinary revenue itemised by segment is as follows:

Thousands of euros						
	EAAA		LatAm		Total	
	2016	2015	2016	2015	2016	2015
Security	996,841	955,156	954,502	1,029,408	1,951,343	1,984,564
<i>% of total</i>	60%	60%	43%	44%	50%	50%
Cash	546,431	534,945	1,191,088	1,231,337	1,737,519	1,766,282
<i>% of total</i>	33%	33%	53%	52%	45%	45%
Alarms	119,630	108,157	93,774	100,381	213,404	208,538
<i>% of total</i>	7%	7%	4%	4%	5%	5%
Total sales	1,662,902	1,598,258	2,239,364	2,361,126	3,902,266	3,959,384

Cash sales include the sales of Sociedad de Distribución y Canje y Mensajería, Ltda., (Note 2) amounting EUR 13,261 thousand.

The detail of EBITDA (see Note 35.27) and EBIT (see Note 35.27) itemised by segment is as follows:

Thousands of euros								
	EAAA		LatAm		Not allocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales to external clients	1,662,902	1,598,258	2,239,364	2,361,126	—	—	3,902,266	3,959,384
Other net expenses	(1,540,782)	(1,477,314)	(1,903,148)	(2,033,679)	(9,022)	—	(3,452,952)	(3,510,993)
EBITDA	122,120	120,944	336,216	327,447	(9,022)	—	449,314	448,391
Depreciation and amortisation	(47,826)	(50,140)	(68,586)	(74,006)	—	—	(116,412)	(124,146)
EBIT	74,294	70,804	267,630	253,441	(9,022)	—	332,902	324,245

The unassigned heading includes costs associated with the corporate restructuring that Prosegur underwent throughout 2016, totalling EUR 9,022 thousand.

A reconciliation of the EBIT (see Note 35.27) allocated to segments with a net profit for the fiscal year attributable to the owners of the parent company is included below:

Thousands of euros		
	2016	2015
EBIT allocated to segments	332,902	324,245
Net financial expenses	(58,653)	(36,329)
Profit before tax	274,249	287,916
Income tax	(140,118)	(104,547)
Post-tax profit from continuing operations	134,131	183,369
Non-controlling interests	(29)	(9)
Profit for the year attributable to owners of the parent company	134,160	183,378

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

Thousands of euros				
	Ordinary revenue		Non-current assets allocated to segments	
	2016	2015	2016	2015
Parent company country (Spain)	941,817	895,904	258,468	290,037
Brazil	871,629	894,780	480,975	385,264
Argentina Area	894,128	889,324	208,439	203,437
Other countries	1,194,692	1,279,376	611,103	510,773
	3,902,266	3,959,384	1,558,985	1,389,511

The Argentina area is comprised of Argentina, Uruguay and Paraguay.

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

Thousands of euros								
	EAAA		LatAm		Not allocated to segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Assets allocated to segments	1,066,494	920,180	1,669,879	1,445,787	—	—	2,736,373	2,365,967
Other unallocated assets	—	—	—	—	898,487	409,175	898,487	409,175
Other non-current financial assets	—	—	—	—	9,600	8,324	9,600	8,324
Investment property	—	—	—	—	64,253	83,678	64,253	83,678
Other current financial assets	—	—	—	—	—	739	—	739
Cash and cash equivalents	—	—	—	—	824,634	316,434	824,634	316,434
	1,066,494	920,180	1,669,879	1,445,787	898,487	409,175	3,634,860	2,775,142

The “assets allocated to segments” heading includes investments accounted for by applying the equity method (Note 15) for a total amount of EUR 30,234 thousand (EUR 18,328 thousand in 2015), which are allocated in their entirety to the EAAA segment.

The additions made in 2016 of non-current assets that were allocated to segments total EUR 179,436 thousand (2015: EUR 145,563 thousand), which mainly correspond to investments made for fitting out bases, facilities and armoured vehicles intended for use in operational activities.

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

Thousands of euros								
	EAAA		LatAm		Not allocated to segments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Liabilities allocated to segments	558,941	528,659	811,300	670,380	—	—	1,370,241	1,199,039
Other unallocated liabilities	—	—	—	—	1,513,119	876,477	1,513,119	876,477
Loans and borrowings	—	—	—	—	1,513,119	876,477	1,513,119	876,477
	558,941	528,659	811,300	670,380	1,513,119	876,477	2,883,360	2,075,516

11. Property, plant and equipment

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

Thousands of euros						
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
Cost						
Balance at 1 January 2015	234,245	110,819	286,566	331,750	43,584	1,006,964
Translation differences	(18,072)	(18,737)	(30,673)	(42,327)	(9,778)	(119,587)
Business combinations (Note 30)	433	68	29	68	—	598
Additions	7,242	11,657	41,150	18,326	45,191	123,566
Derecognitions	(11,927)	(2,396)	(18,165)	(12,472)	(1,278)	(46,238)
Transfers	7,542	8,632	11,947	15,342	(43,463)	—
Balance at 31 December 2015	219,463	110,043	290,854	310,687	34,256	965,303
Translation differences	5,322	11,465	6,081	17,981	1,133	41,982
Business combinations (Note 30)	—	8	1,798	1,928	—	3,734
Additions	12,582	9,666	45,929	19,010	65,468	152,655
Derecognitions	(1,162)	(2,520)	(19,068)	(15,997)	(3,030)	(41,777)
Transfers	5,294	12,669	13,550	10,617	(42,130)	—
Balance at 31 December 2016	241,499	141,331	339,144	344,226	55,697	1,121,897
Amortisation and impairment						
Balance at 1 January 2015	(47,988)	(59,208)	(177,772)	(215,457)	—	(500,425)
Translation differences	1,655	8,147	15,213	26,728	—	51,743
Derecognitions	2,210	2,054	14,302	11,582	—	30,148
Transfers	33	364	(1,463)	1,066	—	—
Amortisation for the fiscal year	(4,200)	(10,842)	(31,794)	(32,726)	—	(79,562)
Provision for impairment recognised in profit and loss	-	-	—	(106)	—	(106)
Balance at 1 January 2015	(48,290)	(59,485)	(181,514)	(208,913)	—	(498,202)
Translation differences	(671)	(5,601)	(3,766)	(13,567)	—	(23,605)
Derecognitions	745	1,586	16,530	15,407	—	34,268
Transfers	2,335	388	(3,987)	1,264	—	—
Amortisation for the fiscal year	(3,090)	(11,529)	(33,505)	(27,942)	—	(76,066)
Provision for impairment recognised in profit and loss	-	-	—	(271)	—	(271)
Balance at 31 December 2016	(48,971)	(74,641)	(206,242)	(234,022)	—	(563,875)

Thousands of euros						
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
Carrying amount						
At 1 January 2015	186,257	51,611	108,794	116,293	43,584	506,539
At 31 December 2015	171,173	50,558	109,340	101,774	34,256	467,101
At 1 January 2016	171,173	50,558	109,340	101,774	34,256	467,101
At 31 December 2016	192,528	66,690	132,902	110,204	55,697	558,020

The additions recorded in property, plant and equipment in 2016 amount to EUR 152,655 thousand (2015: EUR 123,566 thousand) and mainly correspond to investments made for fitting out bases, facilities and armoured vehicles intended for use in operational activities. These investments were essentially made in Argentina and Brazil.

Advances and property, plant and equipment in progress at year-end 2016, mainly include advances of armoured vehicles totaling EUR 11,917 thousand, mainly in Brazil, Argentina and Paraguay, accounting machines for a total of EUR 7,248 thousand, mainly in Argentina and Colombia and constructions amounting to EUR 20,911 thousand, mainly in Spain, Brazil and Argentina. The date planned for completing the armoured vehicles and machinery under assembly will be during the first half of 2017. The date planned for completing the fitting out of buildings is the first half of 2017.

The derecognitions recorded under the land and constructions heading as of 31 December 2015 correspond to the sale of two properties in Spain, located at Calle Pajaritos 24 in Madrid (the net carrying amount at the time of sale amounts to EUR 9,600 thousand, Note 31) and on Avenida Manuel Heredia in Malaga (the net carrying amount at the time of sale amounts to EUR 117 thousand).

Commitments for the acquisition of property, plant and equipment are detailed in Note 29.

Prosegur's policy is to take out insurance policies to cover possible risks that affect the diverse elements of its property, plant and equipment. At end of financial year 2016, there was no lack of cover for these risks.

Property, plant and equipment are measured at historical cost, with the exception of the buildings on Paseo de las Acacias in Madrid and the Hospitalet building in Barcelona, which were measured at market value on first-time adoption of EU-IFRS, and have since been revalued. The effect of this revaluation, to reflect the deemed cost, is as follows:

Thousands of euros		
	2016	2015
Cost	32,235	32,235
Accumulated amortisation	(4,889)	(4,513)
Carrying value	27,346	27,722

Other installations and furniture includes facilities, mainly alarm installations, leased by Prosegur to third parties under operating leases, with the following carrying amounts:

Thousands of euros		
	2016	2015
Cost	105,919	88,377
Accumulated amortisation	(54,478)	(52,133)
Carrying value	51,441	36,244

Property, plant and equipment, fully amortised and still in use, amounts to EUR 286,649 thousand at 31 December 2016 (in 2015: EUR 293,763 thousand).

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

Thousands of euros					
	2016				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,589	8,665	85	50,126	62,465
Accumulated amortisation	(152)	(8,636)	(81)	(32,997)	(41,866)
Net carrying amount	3,437	29	4	17,129	20,599

Thousands of euros					
	2015				
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Total
Cost of capitalised financial leases	3,455	7,852	213	37,781	49,301
Accumulated amortisation	(114)	(5,720)	(192)	(24,556)	(30,582)
Net carrying amount	3,341	2,132	21	13,225	18,719

Main contracts of financial leases of property, plant and equipment are as follows:

- Other property, plant and equipment: Armoured vehicles, lease of armoured vehicles in Germany amount to EUR 24,947 thousand and Brazil amount to EUR 25,179 thousand.
- Technical installations and machinery: leases of coin counting machinery in Brazil amount to EUR 8,665 thousand.
- Buildings and lands: leases of lands and buildings in Colombia amount to EUR 3,589 thousand.

The detail of the present value and minimum payments under finance leases are included in Note 24.

12. Goodwill

Details of movement in goodwill are as follows:

Thousands of euros		
	2016	2015
Balance as of January 1	494,151	532,219
Business combinations (Note 30)	11,107	1,420
Additions	-	221
Derecognitions	(463)	(2,502)
Translation differences	23,571	(37,207)
Balance as of December 31	528,366	494,151

Additions to goodwill in 2016 and 2015 derive from the following business combinations:

	Country	2016	
		% ownership	Thousands of euros
MIV Gestión S.A. ⁽¹⁾	(Spain)	100%	309
Dognaedis Lda. ⁽¹⁾	(Portugal)	100%	1,066
Beagle Watch Armed Response Propierty Limited ⁽¹⁾	(South Africa)	75%	3,169
Procesos Técnicos de Seguridad y Valores S.A.S ⁽¹⁾	(Colombia)	100%	71
Indiseg Evolium Group S.L. ⁽¹⁾	(Spain)	100%	663
Toll Transport Pty Ltd ⁽¹⁾	(Australia)	100%	5,829
			11,107

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

	Country	2015	
		% ownership	Thousands of euros
Rama de actividad "Call Center y Back Office"	(Spain)	100%	1,128
Nanjing Zhong Dun Security Services	(China)	80%	102
Centro Informático de Vigo S.A.	(Spain)	100%	190
			1,420

Note 30 lists the goodwill estimates associated with the previous tables.

In 2015, the adjustments to the provisional values of net identifiable assets are associated with the following business combinations:

	Country	2015
		Thousands of euros
Transvig-Transporte de Valores e Vigilancia LTDA	(Brazil)	221
		221

The net adjusted assets corresponded to a plot of land and client portfolios whose final measurement was completed in 2015 by an independent expert.

Derecognitions for 2015, amounting to EUR 2,502 thousand, mainly corresponded to the adjustment to the value of the goodwill allocated to the business combination of Imperial Dragon Security, Ltd., amounting to EUR 2,177 thousand, after verifying the fair value.

Impairment testing of goodwill

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

The nature of the assets that are included to determine the carrying value of a CGU are: Property, plant and equipment, goodwill, other intangible assets and working capital (Note 35.9).

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

Thousands of euros		
	2016	2015
Spain CGU	94,532	93,559
France CGU	39,787	39,788
Portugal CGU	14,469	13,403
Germany CGU	34,305	34,303
Australia CGU	38,105	31,309
Singapore CGU	6,335	6,371
China CGU	96	102
South Africa CGU	3,825	—
Subtotal EAAA	231,454	218,835
Brazil CGU	122,116	103,734
Chile CGU	40,022	39,638
Peru CGU	40,398	39,292
Argentina CGU	38,686	40,461
Colombia CGU	36,181	33,207
Rest of LatAm CGU	19,509	18,984
Subtotal LatAm	296,912	275,316
Total	528,366	494,151

Additionally, an analysis by activity and country was developed as a result of the corporate restructuring carried out in 2016 and which will be effective as of 1 January 2017. The result of this analysis is a summary of goodwill allocation at the level of CGUs grouped by activity and country as of 31 December 2016:

Thousands of euros			
	2016		
	Cash	Security	Alarms
Spain CGU	2,415	92,117	—
France CGU	16,938	22,849	—
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	—	—
Australia CGU	38,105	—	—
Singapur CGU	—	6,335	—
China CGU	—	96	—
South Africa CGU	—	—	3,825
Subtotal EAAA	97,493	123,947	10,014
Brazil CGU	105,217	16,899	—
Chile CGU	35,586	4,436	—
Peru CGU	21,358	8,588	10,452
Argentina CGU	30,929	7,757	—
Colombia CGU	17,149	19,032	—
Rest of LatAm CGU	9,619	387	9,503
Subtotal LatAm	219,858	57,099	19,955
Total	317,351	181,046	29,969

Prosegur tests goodwill for impairment at the close of each fiscal year, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 35.9. At 31 December 2016, Prosegur has verified at the level of the CGUs grouped by division and country if these goodwill have suffered any impairment loss, with no indication of impairment.

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

Projected items for calculating value in use and the key assumptions considered are listed below:

- Ordinary revenue: the sales figure is estimated based on growth by volume and by price. Broadly, growth by volume is based on the country's GDP and growth by price is based on inflation.

- Gross profit: based on efficiency plans defined by the Company, mainly optimisation of client portfolios, applying a profitability analysis methodology focussed on establishing thresholds below which it is not deemed viable to establish a commercial relationship with such clients.
- CAPEX (see Note 35.27): mainly based on plans for fleet renewal depending on the age of the fleet, in order to rejuvenate it. We consider an estimated 3.1% to be a fair ratio of CAPEX to sales.
- Working capital (see Note 35.27): based on optimising days outstanding or average collection period for accounts payable. The projection is based on sales growth, according to the days outstanding. We consider that the working capital-sales ratio used (18%) is fair and, therefore, may be extrapolated to a projection.
- Taxes: projections for taxes are calculated depending on the effective rate for each country and the results expected from the same.

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

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

	2016		2015	
	EAAA	Latam	EAAA	LatAm
Growth rate ⁽¹⁾	1.89%	5.51%	1.80%	7.89%
Discount rate ⁽²⁾	6.39%	20.00%	5.56%	20.49%

⁽¹⁾ Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

⁽²⁾ Weighted average discount rate after tax applied to cash flow projections.

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

31 December 2016												
	Spain	France	Germany	Rest of Europe	Australia	Rest of Asia-Africa	Chile	Brazil	Colombia	Peru	Argentina	Rest of LatAm
Growth rate	1.56%	1.68%	1.98%	1.81%	2.52%	3.59%	3.00%	4.51%	3.00%	2.52%	9.70%	5.25%
Discount rate	5.02%	4.65%	4.24%	6.48%	7.47%	10.03%	10.04%	16.43%	12.57%	10.17%	36.24%	13.87%

31 December 2015												
	Spain	France	Germany	Rest of Europe	Australia	Rest of Asia-Africa	Chile	Brazil	Colombia	Peru	Argentina	Rest of LatAm
Growth rate	1.51%	1.66%	1.92%	1.70%	2.49%	3.35%	3.00%	4.56%	3.04%	2.00%	21.08%	5.20%
Discount rate	5.53%	4.87%	3.99%	6.34%	5.24%	9.94%	9.74%	16.41%	10.49%	9.99%	42.51%	14.28%

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre- tax rates would make no difference to the conclusions as to each CGU recoverable amount.

No impairment losses have been recognised on goodwill in 2016 and 2015.

Along with goodwill impairment tests, Prosegur performed a sensitivity analysis for the key assumptions of the value of the goodwill allocated to the main CGUs.

The EBITDA sensitivity analysis (see Note 35.27) involves determining the turning point which would lead to impairment losses. Hypothetical cases are assessed until figures are reached that would mean impairment that would be registered on the financial statements. The percentage represents how much the EBITDA has to decrease for the CGU to experience impairment, with the other variables remaining constant.

The sensitivity analysis on the growth rate involves determining the weighted average growth/drop rate used for extrapolating cash flows beyond the budgeted period, from which impairment losses would arise for each of the most representative CGU.

In addition, the sensitivity analysis on the discount rate consists on determining the weighted average discount rate used for extrapolating cash flows, from which impairment losses would arise for each of the most representative CGU.

The threshold beyond which impairment losses would result for discount rates, rates of growth/decline (-) and EBITDA (see Note 35.27), processed independently and keeping all other variables constant, is shown below. This analysis is presented at the country CGU level as of 31 December 2016 and 2015, as well as at the activity and country CGU level as of 31 December 2016:

Cash	2016		
	Discount rate	Growth rate	EBITDA
Brazil	19.52%	0.02%	9.30%
Argentina	140.30%	-100.00%	44.67%
Spain	128.20%	-100.00%	51.87%
France	5.86%	0.33%	7.89%
Colombia	12.76%	2.75%	0.82%
Peru	35.20%	-73.85%	45.52%
Chile	11.53%	1.13%	9.35%
Germany	7.09%	-1.28%	18.48%
Australia	23.77%	-35.80%	34.89%

ISS	2016		
	Discount rate	Growth rate	EBITDA
Argentina	46.77%	8.05%	20.80%
Spain	9.04%	-13.43%	25.70%
France	4.89%	1.00%	3.54%
Colombia	12.60%	2.94%	0.16%
Peru	11.58%	-0.49%	8.18%
Chile	12.12%	-1.80%	13.68%

As of 31 December 2016, the total fair value of the manned guarding business in Brazil, upon a measurement analysis delivered by an independent advisor, was set at BRL 63,273,000 (equivalent to EUR 18,444,250 as of December 2016). Given that the estimated fair value is greater than the net carrying amount of the assets and liability on the date of measurement, it was deemed unnecessary to record any losses due to impairment of the value.

The measurement is based on discounted cash flows (level 3 fair value). The measurement model considers the present value of future cash flows, discounted at a company/project discount rate, adjusted to the business risk, which includes the rate of return demanded by shareholders and debt lenders after taxes. The expected flows were determined considering the income forecast and the EBITDA, based on the budget approved by management. The statistically-significant unobservable variables used correlate with the annual revenue growth forecast, according to Company expectations, long-term growth in line with long-term inflation predictions in Brazil (4.51%) and the EBITDA forecast [2016-2019: from (0.3%) to 2.6%].

With regard to the Alarms CGU, considering it is a type of business where growth is based on an increase in acquisition costs and where the term of the contracts is set, Prosegur did not find reasonable to calculate the value in use based on perpetuity and opted for the fair value, which is common in this type of business.

The impairment analysis of the Alarms CGU used the fair value as the basis for the recoverable value. The fair value was estimated based on market multiples, according to the latest transactions observed (level 3). The multiple used is 45 times the monthly recurring income per connection.

	2016			2015		
	Discount rate	Growth rate	EBITDA	Discount rate	Growth rate	EBITDA
Brazil	19.52%	0.02%	9.50%	18.79%	1.20%	8.34%
Argentina	93.54%	-100.00%	42.93%	61.74%	-31.86%	21.66%
Spain	32.75%	-99.60%	50.51%	24.29%	-43.63%	48.35%
France	5.32%	0.96%	6.55%	5.56%	0.90%	6.29%
Colombia	12.61%	2.95%	0.20%	11.76%	1.72%	1.51%
Peru	29.36%	-45.40%	44.03%	22.27%	-21.36%	35.82%
Chile	16.85%	-6.58%	32.71%	11.69%	0.56%	11.82%
Germany	7.16%	-1.28%	20.19%	6.30%	-3.56%	15.74%
Australia	23.78%	-35.80%	36.17%	23.81%	-40.03%	41.40%

Prosegur does not believe that the sensitivity assumptions used are likely to occur. Thus, it does not consider that there are indications of impairment problems.

13. Other intangible assets

The detail and movement of the main types of other intangible assets are shown below:

Thousands of euros					
	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Cost					
Balance at 1 January 2015	101,917	390,442	42,085	27,384	561,828
Translation differences	(9,722)	(65,715)	(5,815)	(2,437)	(83,689)
Combinaciones de negocio	14	672	8,877	—	9,563
New additions	16,906	—	—	3,448	20,354
Derecognitions	(1,146)	—	(14,956)	—	(16,102)
Transfers	—	—	—	—	—
Balance at 31 December 2015	107,969	325,399	30,191	28,395	491,954
Translation differences	3,187	45,737	4,435	1,061	54,420
Combinaciones de negocio (Nota)	251	6,000	—	—	6,251
New additions	14,802	—	—	1,018	15,820
Derecognitions	(1,924)	—	—	(219)	(2,143)
Balance at 31 December 2016	124,285	377,136	34,626	30,255	566,302
Amortisation and impairment					
Balance at 1 January 2015	(61,494)	(134,488)	(22,030)	(19,543)	(237,555)
Translation differences	5,648	20,736	4,174	2,067	32,625
Transfers	—	—	—	—	—
Derecognitions	1,053	—	997	—	2,050
Amortisation for the fiscal year	(11,611)	(22,667)	(3,665)	(5,159)	(43,102)
Balance at 31 December 2016	(66,404)	(136,419)	(20,524)	(22,635)	(245,982)
Translation differences	(2,646)	(17,955)	(4,199)	(959)	(25,759)
Derecognitions	925	—	—	175	1,100
Transfer	—	—	—	—	—
Amortisation for the fiscal year profit and loss	(14,261) (38)	(20,705) —	(913) —	(3,008) —	(38,887) (38)
Balance at 31 December 2016	(82,424)	(175,079)	(25,636)	(26,427)	(309,566)
Carrying amount					
At 1 January 2015	40,423	255,954	20,055	7,841	324,273
At 31 December de 2015	41,565	188,980	9,667	5,760	245,972
At 1 January 2016	41,565	188,980	9,667	5,760	245,972
At 31 December de 2016	41,861	202,057	8,990	3,828	256,736

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

Thousands of euros				
	2016			Remaining useful life
	Cost	Mortisation and impairment	Carrying amount	
Nordeste Group Large Client Portfolio	105,181	(28,243)	76,938	13 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	32,043	(14,565)	17,478	9 years
Preserve y Transpev Large Client Portfolio	24,306	(14,709)	9,597	6 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	13,634	(2,153)	11,481	16 years
Chubb Security Services PTY LTD Remaining Client Portfolio	20,143	(3,180)	16,963	16 years
Transbank Client Portfolio	9,235	(3,188)	6,047	9 years and 2 months
Nordeste Group Sergipe Client Portfolio	8,783	(4,245)	4,538	5 years and 2 months
Fiel Large Client Portfolio	8,480	(3,262)	5,218	8 years
Bahia Nordeste Group Other Client Portfolio	6,843	(2,756)	4,087	7 years and 2 months
	228,648	(76,301)	152,347	

The carrying amount at 31 December 2015 for individually significant client portfolios and their remaining useful life are as follows:

Thousands of euros				
	2016			Remaining useful life
	Cost	Mortisation and impairment	Carrying amount	
Nordeste Group Large Client Portfolio	83,684	(17,822)	65,862	14 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	25,494	(10,043)	15,451	10 years
Preserve y Transpev Large Client Portfolio	19,338	(10,846)	8,492	7 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	13,358	(1,406)	11,952	17 years
Chubb Security Services PTY LTD Remaining Client Portfolio	19,736	(2,077)	17,659	17 years
Transbank Client Portfolio	7,348	(2,012)	5,336	10 years and 2 months
Nordeste Group Sergipe Client Portfolio	6,988	(2,679)	4,309	6 years and 2 months
Fiel Large Client Portfolio	6,747	(2,076)	4,671	9 years
Bahia Nordeste Group Other Client Portfolio	5,444	(1,739)	3,705	8 years and 2 months
	188,137	(50,700)	137,437	

In 2016, the intangible assets resulting from the allocation of fair value were incorporated into the purchase price of business combinations which are summarised in the following table (see Note 30):

Thousands of euros		
	Client portfolios	Trademarks and licences
MIV Gestión S.A.	701	—
Dognaedis Lda.	472	—
Indiseg Evolium Group S.L.	935	—
Toll Transport Pty Ltd	3,892	—
	6,000	—

In 2015, additions to intangible assets resulting from the allocation of fair value were incorporated into the purchase price of business combinations which are summarised in the following table:

Thousands of euros		
	Client portfolios	Trademarks and licences
Call centre and back office activity line	1,350	—
Nanjing Zhong Dun Security Services	—	205
Centro Informático de Vigo S.A.	40	—
Grupo Shangai Bigu	—	8,672
Transvig - Transporte de Valores e Vigilancia LTDA	(718)	—
	672	8,877

The amounts pertaining to the Transvig – Transporte de Valores e Vigilancia Ltda client portfolios and the Shangai Bigu Group licence stem from definitive allocations of values provisionally allocated in 2014. The remaining amounts arise from the allocation of the value of goodwill in 2015.

No other intangible assets are subject to restrictions on title or pledged as security for particular transactions.

All reported intangible assets have a defined useful life and are amortised in percentages ranging from 3.33% to 50% according to their estimated useful life. Details of the amortisation percentages of the client portfolio and trademark are described in Notes 30 and 35.7.

The commercial brand arising from the Servin Seguridad, S.A. business combination in 2013, is the only intangible asset with an indefinite useful life and amounts to EUR 527 thousand as of December 2016 (EUR 619 thousand as of December 2015) and is allocated to the Argentina CGU.

This intangible asset has an indefinite useful life as there is no foreseeable limit to the period during which the asset is expected to generate incoming cash flows.

Factors analysed to determine indefinite life include:

- The asset is expected to be used indefinitely and there are no plans to change the brand
- The brand has been operating for 14 years and has maintained stability with regard to market share
- Regular payments are being made to keep the brand registered and there is no expiry date set by contract

- The life of this asset does not depend on the useful lives of other assets held by the entity.

In addition, this brand is tested for impairment at the end of every financial year. The key assumptions mentioned were not modified in 2016.

Other intangible assets are tested for impairment as described in Note 35.7. No impairment losses or reversals occurred in 2016 and 2015.

14. Property investments- Non- current assets held for sale

The detail of movements of property investments in 2015 and 2016 is as follows:

Thousands of euros	
Cost	
Balance at 1 January 2015	46,939
Translation differences	(33,203)
Additions	71,315
Balance at 1 January 2016	85,051
Translation differences	(12,521)
Additions	—
Derecognitions	(5,792)
Transfer to available for the sale	(66,738)
Balance at 31 December 2016	—
Amortisation and impairment	
Balance at 1 January 2015	(410)
Translation differences	519
Amortisation for the fiscal year	(1,482)
Balance at 1 January 2016	(1,373)
Translation differences	241
Derecognitions	106
Amortisation for the fiscal year	(1,459)
Transfer to available for the sale	2,485
Balance at 31 December 2016	—
Carrying amount	
On 1 January 2015	46,529
At 31 December 2015	83,678
On 1 January 2016	83,678
At 31 December 2016	—

The derecognitions recorded in 2016 are due to the sale of two floors and 16 garages of the Torre Intercontinental for a total amount of ARS 82,749 thousand (equivalent to EUR 4,943 thousand at the time of transaction), resulting in a loss of EUR 743 thousand (Note 6).

The additions to property investments recorded in 2015 corresponded to the acquisition of several floors in the aforementioned buildings.

As of 31 December 2016, Prosegur began classifying property investments as non-current assets held for sale, since it believes that disposal will begin in 2017.

The detail of non-current assets held for sale is as follows:

Thousands of euros		
	2016	2015
Buildings	64,253	—
Other current assets	448	448
	64,701	448

As of 31 December 2016, non-current assets held for sale mainly includes several floors of two buildings located in the city of Buenos Aires (Argentina) for a net amount of EUR 64,253 thousand .

Prosegur has taken out policies to cover the risk of investment property. The coverage of these policies is considered sufficient.

At 31 December 2016, the fair value of the properties does not differ significantly from their net carrying amount. Total fair value, after a valuation analysis by an independent expert, amounts to EUR 84,018 thousand . The breakdown is as follows:

Thousands of euros	
Property	Fair value
Bouchard 551	36,511
Torre Intercontinental, Moreno 845/847/87 Alsina 880 y Tacuari 242/292	47,507
	84,018

The income and expenses generated in the 2015 from investment property amounted to EUR 4,089 thousand and 1,482 thousand, respectively.

Future minimum receipts under investment properties leases are as follows:

Thousands of euros	
Up to one year	6,181
One to five years	506
	6,687

15. Investments accounted for using the equity method

The main joint agreements of Prosegur (Appendix II) correspond to companies devoted to the cash activity which operate in India and South Africa. These joint agreements are structured as separate vehicles, and Prosegur has a share in their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures. In several Arrangements with India, governing the Joint Ventures, Prosegur and the other investor company have agreed, if necessary, to make additional contributions in proportion to their shareholdings in order to offset any losses.

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

Thousands of euros	2016	2015
Share of joint ventures	30,234	18,328
	30,234	18,328

Thousands of euros	2016	2015
Balance as of January 1	18,328	12,580
Acquisitions	—	—
New additions	19,890	11,832
Share of profit/loss	(4,893)	(1,848)
Sale	(5,171)	—
Impairment losses	—	(7,767)
Transfers (Note 23)	622	1,568
Translation differences	1,458	1,963
Balance as of December 31	30,234	18,328

Additions in 2016 correspond mainly to the subscription of shares by Prosegur, representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which operates in the cash in transit sector. This transaction was completed on 25 February 2016.

The contractual terms of subscription of shares in SBV by Prosegur is of a hybrid nature, since they include an implicit derivative. From February 2019 to February 2021, Prosegur holds an option for sale of its entire shareholding in SBV, with the sole condition that, when it is exercised, Prosegur's total shareholding does not exceed 50% of the share capital. If Prosegur exercises that option, SBV itself will be obliged to repurchase the shares subscribed by Prosegur at 25 February 2016 and, where applicable, the shareholder selling the shares will be obliged to repurchase any shares that it may have subsequently transferred to Prosegur. If SBV is not in a position to purchase the shares subscribed by

Prosegur, the other shareholders will be obliged to do so. The sale price will be the same as the price paid for the shares at the time of their purchase, plus market interest.

The implicit derivative can not be valued separately, nor can its fair value be reliably determined (either at the time of its acquisition or at a later date, mainly because the sale option is based on shares of the acquiring company itself, which is not listed). The hybrid financial instrument will not be separated and classified as a whole as investments accounted for using the equity method.

In addition, the agreements signed for subscribing SBV shares also include an opposite right: a purchase option in favour of SBV under certain circumstances. From February 2016 until February 2019, if there is a serious (unamended) breach by Prosegur of its obligations under the intellectual property rights and technology licence contract signed by the parties, SBV will be entitled to demand that Prosegur transfer (to itself or, where applicable, to the shareholder who sold the shares to Prosegur) all of its shareholding. The purchase price will be the same as for the sales option described above: the price paid for the shares at the time of purchase, plus market interest increased by a specific margin.

In January 2016, a joint venture was incorporated in India for the alarms activity, under the name SIS Prosegur Alarms Monitoring and Response Services Pte, Ltd.

Shareholding balances in 2015 with a negative net investment value that Prosegur is bound to materially rebalance come under transfers. Associated provisions are recognised under other risks (Note 23) for a total amount of EUR 1,568 thousand.

The additions in 2015 arise, mainly, out of a reassessment of Prosegur's de facto control of the following investee companies in China: Shanghai Weldon Security Equipment Co Ltd, Shanghai Weldon Security Service Co Ltd, Hangzhou Weldon Security Service Co Ltd and Sichuan Weldon Security Service Co Ltd. (associated with the business combination of Imperial Dragon Security, Ltd., Note 6), as the result of a dispute with the local Chinese partner, which began at the start of 2015. Therefore, the consolidation method was modified due to a loss of de facto control, shifting from the global integration method to the equity method. Accordingly, the balance of non-controlling interests decreased in 2015 by a total of EUR 11,729 million (Note 22.5).

These Chinese companies were the subject of a sales agreement with the local Chinese partner for a total amount of CNY 36,000 thousand. CNY 28,000 thousand were already received as a down payment at 31 December 2015 (equivalent at time of payment to: EUR 3,923 thousand) and CNY 8,000 thousand are pending (equivalent at 31 December 2015 to: EUR 556 thousand). Finally, in 2016, CNY 4,285 thousand were received (equivalent at 31 December 2016 to: EUR 585 thousand) thus closing the sale. For this reason, a total loss of CNY 3,715 thousand has been recorded (equivalent at 31 December 2016 to: EUR 507 thousand), under other expenses (Note 6).

In 2015, an impairment was recognised for a total amount of EUR 7,767 thousand at 31 December 2015, as a result of the differential between the price established in the sales agreement and the recognised carrying value of the investment.

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

Thousands of euros	2016	2015
Rosegur Fire SRL	4	4
Weldon Group	—	5,161
Rosegur Holding Corporation SL	88	109
SIS Cash Services Private Limited	6,849	7,944
SIS Prosegur Alarmas Monitoring and Response Services Private Limited	1,186	—
SIS Prosegur Holdings Private Limited	5,359	5,110
SBV Lesotho	65	—
SBV South Africa	16,683	—
Balance as of December 31	30,234	18,328

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

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

16. Joint Ventures

Prosegur participates in joint operations that are articulated through Joint Ventures where the entities have no legal capacity of their own and where there is a system of collaboration between companies for a certain time, defined or undefined, for the development and execution of a work or service (Note 35.2).

They are normally used to combine the characteristics and rights of the partners in the joint venture towards a common end with the aim of obtaining the best technical assessment possible. Joint ventures are considered independent companies, in general, with limited action, given that, in spite of being able to acquire commitments in their own name, they are usually taken on by partners in proportion to their participation in the joint venture. As a consequence, Prosegur considers joint ventures as a joint operation.

The amounts shown below represent Prosegur's share in the joint ventures' assets and liabilities, and sales and profits and losses. These amounts were included in the financial statement and in the consolidated profit and loss account in the consolidated annual accounts for the years ended 31 December 2016 and 31 December 2015.

Thousands of euros	2016	2015
Assets:		
Non-current assets	12	482
Current assets	22,297	19,851
	22,309	20,333
Liabilities:		
Current liabilities	22,309	20,333
	22,309	20,333
Net profit:		
Revenue	125,782	75,230
Expenses	(122,339)	(76,378)
Profit after tax	3,443	(1,148)

There are no contingent liabilities corresponding to Prosegur's share in the joint ventures.

17. Non-current financial assets

Details of non-current financial assets are as follows:

Thousands of euros	2016	2015
Available-for-sale financial assets	5,359	3,775
Deposits and guarantees	3,493	3,564
Other non-current financial assets	748	985
	9,600	8,324

Available-for-sale financial assets

Details of available-for-sale financial assets are as follows:

Thousands of euros		
	2016	2015
Balance at 1 January	3,775	6,639
New additions	1,732	476
Derecognitions	(746)	(207)
Impairment adjustment (Note 7)	—	(3,027)
Translation differences	598	(106)
Balance at 31 Decemeber	5,358	3,775
As of 31 December		
Cost or valuation	5,359	35,426
Impairment losses	—	(31,651)
	5,359	3,775

Available-for-sale financial assets include the following net investments:

31 December 2016

Thousands of euros			
	Recoverable amount	% ownership	Investment
Euroforum Escorial, S.A.	2,258	8.1%	2,258
Investment	3,101		3,101
	5,359		5,359

31 December 2015

Thousands of euros			
	Recoverable amount	% ownership	Investment
Capitolotre, S.P.A.	—	19.0%	31,647
Euroforum Escorial, S.A.	2,141	8.1%	2,141
Other investments and other assets	1,634		1,638
	3,775		35,426

Capitolotre, S.P.A.

On 18 December 2007, Prosegur acquired 33% of the shares of the investment vehicle Capitolotre, S.P.A. This share gives Prosegur 14.9% of the voting rights and 33% of the financial rights. Capitolotre,

S.P.A. has a 77% interest in Accadiesse, S.P.A., the holding company of the companies making up the IVRI Group, belonging to the Italian security sector with activities including security patrol, transport of valuables, alarm system monitoring, response services and electronic systems. On 11 June 2014, IVRI Group was sold by Accadiesse S.P.A.

Based on the accounting policy for associates (Note 35.2), Prosegur considers that it does not exercise significant influence over Capitolotre, S.P.A. and has classified this investment as an available-for-sale financial asset. Following the criteria set out in Note 2.3, Prosegur classified its investment in Capitolotre, S.P.A., at level 3 of the fair value hierarchies.

At 31 December 2015, Prosegur estimated the fair value of its investment in Capitolotre, S.P.A., concluding that objective evidence existed to support that this investment has sustained a decrease in value estimated at EUR 3,027 thousand. The investment was fully impaired at 31 December 2015.

On 23 December 2015, the Company has signed an agreement, subject to a condition precedent with Accadiesse S.P.A. under which the shareholding of Prosegur in Capitolotre, S.P.A. shall be transferred to the company itself, without expecting any consideration in favour of Prosegur. Having satisfied the condition precedent on 31 March 2016, the transfer was closed on 27 July 2016.

Other investments

The valuation of the remaining investments is recognised at the lower of cost and the underlying carrying amount, as they cannot be measured reliably.

Other non-current financial assets

Movement in other non-current financial assets is as follows:

Miles de euros	2016	2015
Balance at 1 January	985	1,035
Additions	28	290
Derecognitions	(212)	(195)
Translation differences	(53)	(145)
Balance at 31 December	748	985

As of December 2016, other non-current assets includes fixed-term deposits mainly maturing in 2018.

18. Inventory

Details of inventories are as follows:

Thousands of euros		
	2016	2015
Work in progress	33,276	30,216
Goods for resale, fuel and other	50,726	32,146
Operational material	2,300	5,399
Uniforms	6,502	7,294
Stock impairment	(6,150)	(5,360)
	86,654	69,695

No inventories have been pledged as collateral to secure loans.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to clients. The corresponding accounting policy is set out in Note 35.22. A sales revenue of EUR 87,577 thousand in 2016 was recognised in relation to these contracts (2015: EUR 87,714 thousand); and accumulated costs of EUR 67,705 thousand (in 2015: EUR 68,063 thousand). A liability was also recognised for revenue received in advance amounting to EUR 8,338 thousand (in 2015: EUR 7,470 thousand) which corresponds to the amount due to clients whose partial turnover exceeds the costs incurred plus the profits recognised (Note 26). The amount of withholdings in payments is EUR 1,696 thousand at the close of 2016 (2015: EUR 1,253 thousand).

Movement in impairment losses is as follows:

Thousands of euros		
	2016	2015
Balance as of January 1	(5,360)	(3,429)
Additions	(4,650)	(2,015)
Applications and other	4,246	(241)
Translation differences	(386)	325
Balance as of December 31	(6,150)	(5,361)

19. Trade and other receivables

Details are as follows:

Thousands of euros		
	2016	2015
Trade receivables for sales and services	794,602	722,611
Less: Impairment losses on trade receivables	(75,593)	(58,596)
Trade receivables - net	719,009	664,015
Public authorities	68,982	64,934
Employee salary advances	11,527	9,171
Court bonds	44,948	33,720
Prepayments	19,886	11,786
Other receivables	78,873	54,686
Current	943,225	838,312

There is no credit concentration risk in connection with trade receivables, given that Prosegur has a large number of clients distributed across the different countries where it operates (Note 32.1).

Borrowings sold are derecognised in the asset and the difference between their carrying amount and the amount collected is recorded as a financial expense in the income statement (Note 7). As of 31 December 2016 no factoring contract exists. Thus, there are no accounts receivable derecognised in the asset by such contract (as of 31 December 2015, the amount of accounts receivable derecognised in the asset by the factoring contract amounted to EUR 6,081 thousand).

On 29 December 2015, Prosegur signed a non-recourse factoring contract for the amount of BRL 26,218 thousand (equivalent at 31 December 2015 to: EUR 6,081 thousand). The programme matured in January 2016.

The detail of past-due trade receivables net of the corresponding impairment, by maturity, is as follows:

Thousands of euros		
	2016	2015
0 to 3 months	249,757	288,911
3 to 6 months	21,390	31,121
Over 6 months	42,657	19,749
	313,804	339,781

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

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

Movement in impairment of receivables is as follows:

Miles de euros	2016	2015
Balance as of January 1	(58,596)	(63,429)
Provision for impairment (Note 6)	(20,739)	(10,698)
Applications and reversals	2,111	8,913
Translation differences	1,631	6,618
Balance as of December 31	(75,593)	(58,596)

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

No impairment losses have been incurred on the remaining trade receivables.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables categories mentioned above. Prosegur does not hold any collateral to secure receivables.

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 32.1.

Court bonds mainly recognises deposits associated with the provision for labour causes in Brazil (Note 23).

The other accounts receivable heading mainly records advance payments of suppliers and creditors for an amount of EUR 33,297 thousand (2015: EUR 12,201 thousand) and balances with other debtors in the amount of EUR 36,126 thousand (in 2015: EUR 35,074 thousand)

20. Other financial assets

Details of balances and movement during the year are as follows:

Miles de euros	2016	2015
Balance as of January 1	739	8,441
New additions	—	745
Derecognitions	(739)	(8,441)
Translation differences	—	(6)
Balance as of December 31	—	739

At 31 December 2016, the Company has no current financial assets.

The composition and the issue and maturity dates of financial assets at 31 December 2015 are reflected in the following tables:

Thousands of euros				
Description	Date of issue	Matures on	Main	Balance as of 31/12/2015
Fixed-term deposit	15/12/2015	15/12/2016	739	739
				739

Prosegur's maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets. Fixed-term deposits are exposed to default risk by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings.

21. Cash and cash equivalents

Details are as follows:

Thousands of euros		
	2016	2015
Cash and banks	799,429	267,119
Current bank deposits	25,205	49,315
		316,434
		824,634

The increase in cash is mainly due to a syndicated loan operation carried out in December 2016 through its subsidiary, Prosegur Cash, S.A., for a sum of EUR 600,000 thousand for a three-year period (see Note 24), of which EUR 500,000 thousand were deposited in an escrow account with the aim of using it to repay the bond issued in 2013 which matures on 2 April 2018 (Note 24).

The effective interest rate on deposits and short-term deposits in financial institutions was 13.46% (2015: 9.23%) and the average term of deposits held during the year was 54 days (in 2015: 25 days).

Prosegur holds no investments in sovereign debt at the close of the fiscal year nor did it make any such investments during the fiscal year.

22. Equity

22.1. Share capital, share premium and own shares

Details of balance and movement is as follows:

Thousands of euros					
	No. of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance as of 1 January 2015	617,125	37,027	25,472	(53,493)	9,006
Balance as of 31 December 2015	617,125	37,027	25,472	(53,493)	9,006
Other distributions	—	—	—	178	178
Balance as of 31 December 2016	617,125	37,027	25,472	(53,315)	9,184

Share Capital

At 31 December 2016 and 2015, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to EUR 37,027 thousand, divided into 617,124,640 shares with a par value of EUR 0.06 each, fully subscribed and paid-up, which are all listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE).

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

Shareholders	Number of shares	
	2016	2015
Ms. Helena Revoredo Delvecchio ⁽¹⁾	309,240,330	309,240,330
Oppenheimer Acquisition Corporation ⁽²⁾	34,957,437	34,957,437
Ms Mirta Gieso Cazenave ⁽³⁾	34,778,187	34,778,187
Cantillon Capital Management LLC ⁽⁴⁾	18,821,350	18,821,350
FMR LLC ⁽⁵⁾	18,515,726	—
Invesco Limited ⁽⁶⁾	6,223,180	—
Other	194,588,430	219,327,336
	617,124,640	617,124,640

(1) Through Gubel, S.L. and Prorevosa, S.L.U.

(2) Through a series of managed funds; one of them holds over 5% (Oppenheimer International Growth Fund).

(3) Both directly and through AS Inversiones, S.L.

(4) Through a series of managed funds.

(5) Through a series of managed funds

(6) Through a series of managed funds

At 31 December 2016 and 2015, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,125,760 shares (in 2015: 345,234,947 shares), representing 50.25% of the Company's share capital (in 2015: 55,94%).

Share premium

There is a share issue premium amounting to EUR 25,472 thousand, which is freely disposable and which has undergone no changes over years 2016 and 2015.

Own shares

The detail of movements made in the own shares account during the fiscal year is as follows:

	Number of shares	Miles de euros
Balance as of 1 January 2015	18,756,890	53,493
Balance as of 31 December 2015	18,756,890	53,493
Other distributions	(62,020)	(178)
Balance as of 31 December 2016	18,694,870	53,315

At the general meeting held on 27 June 2011, the shareholders authorised the Board of Directors acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the directors of the Company or Prosegur employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

In financial year 2016 and 2015, no acquisition or sale or treasury share transactions were completed. "Other deliveries" are related to the purchase of shares by employees at market value.

22.2. Other equity instruments

In 2015, EUR 3,401 thousand, which were considered as other equity instruments during the previous fiscal year, were transferred to short-term provisions (Note 23) as a result of the replacement of the originally planned share settlement method. In 2016, there were no movements in other equity instruments (Note 35.18).

Thousands of euros	2016	2015
Balance as of January 1	—	3,401
Share-based incentives accrued during the year	—	—
Share-based payments exercised	—	—
Transfers	—	(3,401)
Balance as of December 31	—	—

22.3. Cumulative translation differences

The detail of the balances and movements of this reserve is as follows:

Thousands of euros		
	2016	2015
Balance as of January 1	(514,517)	(245,156)
Translation differences of financial statements of foreign operations	44,146	(269,361)
Balance as of December 31	(470,371)	(514,517)

The variations between 2016 and 2015 mainly arise as a result of the devaluations in Argentine currency and appreciation of the Brazilian real.

22.4. Retained earnings and other reserves

The composition and movement of the retained earnings and other reserves heading are as follows:

Thousands of euros				
	Legal reserve	Other unavailable reserves	Other retained earnings	Total
Balance at 1 January 2015	7,406	165	1,077,831	1,085,402
Total comprehensive income for the year	—	—	184,013	184,013
Distribution of Profit	—	—	(65,947)	(65,947)
Other movements	—	—	1,999	1,999
Balance at 31 December 2015	7,406	165	1,197,896	1,205,467
Total comprehensive income for the year	—	—	133,525	133,525
Distribution of extraordinary dividend	—	—	(61,874)	(61,874)
Distribution of Profit	—	—	(68,925)	(68,925)
Other movements	—	—	3,924	3,924
Balance at 31 December 2016	7,406	165	1,204,547	1,212,118

Other restricted reserves as of December 2016 and 2015 correspond to the reserve for the update of National Budget Act 83 (EUR 104 thousand) and reserves for capital adjustment to euros (EUR 61 thousand).

The legal reserve, which amounts to EUR 7,406 thousand, was endowed in compliance with article 274 of the revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully endowed. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, it must be replenished with future profits.

The proposed profit distribution of the parent company for 2016, determined in accordance with current mercantile legislation and standards for preparing individual annual accounts and which will be submitted to the General Shareholders' Meeting, is shown in the following table:

Thousands of euros		
	2016	2015
Basis of allocation		
Profit/loss for the year	(7,037)	68,925
	(7,037)	68,925
Distribution		
Voluntary reserves	(75,226)	736
Dividends	68,189	68,189
	(7,037)	68,925

22.5. Non- controlling interests

In 2015, as a result of a re-evaluation of control (Note 15), non-controlling interests were reduced almost entirely. As of 31 December 2016 and 2015, they are included under the "other non-significant companies" heading.

23. Provisions

The composition of the balance and the detail of the movements of this heading are shown in the following table:

Thousands of euros							
	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Accrued obligations to personnel	Other risks	Total
Saldo al 1 de enero 2016	84,274	8,913	3,821	6,439	6,035	77,091	186,573
Initial balance transfers	36,492	18,965	—	1,309	4,260	27,796	88,822
Provisions charged to income statement	(5,205)	(2,126)	—	—	—	(645)	(7,976)
Applications	(22,415)	(8,964)	(900)	(244)	(988)	(23,333)	(56,844)
Reversal posted to Equity	—	—	—	955	—	—	955
Transfers	—	—	—	—	—	622	622
Translation differences	12,166	1,477	—	730	—	16,461	30,834
Balance at 31 December 2016	105,312	18,265	2,921	9,189	9,307	97,992	242,986
Non-current 2016	105,312	18,265	—	9,189	7,854	97,992	238,612
Current 2016	—	—	2,921	—	1,453	—	4,374

a) Labour-related risks

The provisions for labour-related risks, amounting to EUR 105,312 thousand (2015: EUR 84,274 thousand), are calculated individually, based on the estimated likelihood of success or failure. This likelihood is determined by the different legal firms that work with the group companies. In addition, there is an internal review of the likelihoods of reaching agreements for each of the causes depending on the record of experience maintained with Prosegur, from which the final provision to be recognised is concluded.

The provision for labour-related risks mainly includes provisions for work-related causes in Brazil, which includes lawsuits filed by Prosegur employees and ex-employees. The characteristics of the country's labour legislation cause proceedings to take some time, leading to a provision of EUR 61,605 thousand in 2016 (2015: EUR 48,287 thousand).

As of December 2016, there were 6,043 open labour cases in Brazil (31 December 2015: 6,290). In 2016, almost 4,717 cases were closed, and payments were made amounting to BRL 95,150,796 (equivalent at time of payment to: EUR 24,640 thousand), corresponding to agreements made or final rulings handed down. The cost recognised for this item in 2016 was EUR 24,226 thousand.

Additionally, this heading includes a provision for EUR 12,839 thousand (31 December 2015: EUR 14,879 thousand), in relation to the business combination carried out in 2005 with Transpev.

b) Legal risk

The provisions for legal risks, amounting to EUR 18,265 thousand (2015: EUR 8,913 thousand), correspond mainly to civil lawsuits, which are analysed on a case-by-case basis. Mainly includes civil lawsuits from Spain, France and Brazil. The settlement of these provisions is highly probable, but both the value and the time of the final settlement are uncertain and depend upon the outcome of the proceedings that are underway. There is no significant legal risk.

c) Restructuring

The provisions correspond to the company Brinks Deutschland GmbH in 2013, which has a recognised restructuring provision that corresponds to estimates for the payment of severances for dismissal and other costs. The settlement of the provision is highly probable. Though the settlement date is uncertain, it is highly probable that it will take place in the short term. In 2016, payments were made for a value of EUR 900 thousand.

d) Employee benefits

As indicated in Note 5.2 of the consolidated annual accounts for the fiscal year ending on 31 December 2016, Prosegur has defined benefit plans in Germany, Brazil and France. The actuarial assessment made by qualified actuaries regarding the value of the arranged benefits is updated at the end of 2016.

The German and French defined benefit plans consist of retirement and pension plans.

Prosegur has a defined benefit plan in Brazil which consists of post-retirement health coverage, mandated by Law 9656 of the country.

e) Accrued obligations to personnel

These provisions include the accrued incentive, payable in cash, for the 2014 and 2017 Plans (see Note 35.18).

During this period, an endowment was made and charged to the profit/loss account for the year, amounting to EUR 4,260 thousand (Note 5.1). This amount includes the fair value adjustment of the share price for the 2014 plan and the accrual corresponding to the 2017 plan.

In 2016, payments corresponding to the 2014 plan were made, using Prosegur's share price at the time of the payment as a reference, thereby replacing the originally planned share settlement method.

In 2016, EUR 988 thousand, corresponding to the settlement of the first part of the 2014 plan, were applied.

The fair value of incentives pegged to the share's listed price was estimated on the basis of the listed price of Prosegur shares at the end of the period or at the time of payment.

Finally, part of this provision was classified as current provisions for a value of EUR 1,453 thousand, since this commitment, associated with the 2014 plan, will mature in 2017.

In 2015, payments corresponding to the 2014 plan were made, using Prosegur's share price at the time of payment as a reference, thereby replacing the originally planned share settlement method. As a result, in 2015, EUR 3,401 thousand, which were considered as other equity instruments during the previous fiscal year, were transferred to short-term provisions (Note 22.2). Additionally, the difference between the total commitment originally considered by Prosegur in connection with the incentives in shares and the payment of incentives in cash ultimately made, using Prosegur's share price as a reference, amounted to EUR 1,802 thousand and was recorded under the wages and salaries heading.

f) Other risks

The provision for other risks, which amounts to EUR 97,992 thousand (2015: EUR 77,091 thousand), includes many items.

The settlement of these provisions is highly probable, but both the value and the time of the final settlement are uncertain and depend upon the outcome of the proceedings that are underway.

Details of the most significant are as follows:

Tax risk

This mainly includes tax risk in Brazil and Argentina, amounting to EUR 73,702 thousand (2015: EUR 54,692 thousand).

The tax risks associated with Brazil are related to several items, mainly direct and indirect municipal and state tax claims, along with provisions from the Nordeste and Transpev business combination. In Argentina, they are related to diverse insignificant amounts individually related to municipal and provincial taxes, primarily. The most representative risks emerge as a result of the disparity between Prosegur and the administration's criteria.

The variation in the provision of tax risks compared to 31 December 2015 is mainly due to an increase in the provision relating to indirect municipal and state tax claims in Brazil, associated with, mainly old, tax risks for which the probability of occurrence has been re-evaluated.

Prosegur uses "the most likely result" to measure uncertain tax positions. Significant tax risk is qualified based on opinions of external analysis, according to analysis of jurisprudence regarding the matter in question. In addition, internal analysis is drawn up based on similar cases that occurred in the past at Prosegur or in other companies.

At the end of each quarter, each of the tax contingencies are analysed in detail. This analysis refers to the quantification, qualification and level of provision associated with the risk. By year end, an independent expert will provide the analysis and measurement in a letter to aid in the determination of these parameters for the most significant risks. The level of provision is adjusted based on this letter.

Price of overtime

The provisions for the price of overtime are the result of the lawsuit filed against the articles of the State Collective Bargaining Agreement of Security Companies for 2005-2008, which set overtime rates for security guards. Based on its best estimates, Prosegur quantifies the provision for past years from the starting date of the agreement (1 January 2005) to the accounting close as of December 2016. As of 31 December 2016, there is no amount reserved for this item (2015: EUR 3,531 thousand).

In 2016, 131 proceedings were closed (2015: 237) for payments amounting to EUR 33 thousand corresponding to agreements made with some of the plaintiff employees (2015: EUR 160 thousand). Additionally, revenue has been recognised in the income statement, totalling EUR 3,498 thousand (EUR 91 thousand in 2015) corresponding to provisions in previous fiscal years which, based on the information available at the close of 2016, Prosegur believes will not be claimed.

Comcare Australia

In 2016, payments were made for commitments associated with Australia's occupational accident insurance plan, amounting to EUR 1,195 thousand (EUR 1,347 thousand in 2015). The endowment for

the fiscal year amounted to EUR 852 thousand, for a total provision of EUR 4,763 thousand (EUR 5,002 thousand in 2015), of which EUR 1,195 thousand mature in the short term (2015: EUR 1,017 thousand).

24. Financial liabilities

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

Thousands of euros					
	Average interest rate	2016		2015	
		Non-current	Current	Non-current	Current
Debentures and other negotiable securities	2.75%	498,883	10,312	498,016	10,312
Loans and borrowings	1.37%	648,433	167,785	32,320	166,953
Finance lease payables	7.71%	14,439	9,466	12,318	8,004
Credit accounts	1.76%	48,570	139,143	48,019	120,857
Other payables	10.68%	13,272	31,677	26,618	32,123
		1,223,597	358,383	617,291	338,249

Thousands of euros						
	Currency	Year of maturity	2016		2015	
			Non-current	Current	Non-current	Current
Debentures and other negotiable securities	Euro	2018	498,883	10,312	498,016	10,312
Loans and borrowings	Euro	2017-2019	625,725	145,755	13,746	75,633
Loans and borrowings	Brazilian Real	2017	—	17,054	5,757	32,647
Loans and borrowings	Australian dollar	—	—	—	—	47,098
Loans and borrowings	South African Rand	2019	18,750	—	—	—
Loans and borrowings	Peruvian Nuevo Sol	2017	—	3,632	6,825	5,031
Loans and borrowings	Other currencies	2017-2020	3,958	1,344	5,992	6,544
Finance lease payables	Euro	2017-2019	5,446	3,381	6,883	3,865
Finance lease payables	Brazilian Real	2017-2019	3,103	2,012	1,369	1,911
Finance lease payables	Other currencies	2017-2023	5,890	4,073	4,066	2,228
Credit accounts	Euro	2017-2020	48,570	127,430	48,019	91,247
Credit accounts	Australian dollar	2017	—	—	—	13,426
Credit accounts	Other currencies	2017	—	11,713	—	16,184
Other payables	Euro	2017-2021	3,637	1,726	1,011	1,252
Other payables	Brazilian Real	2017-2019	9,016	21,291	24,322	23,234
Other payables	Argentine Peso	2017-2023	357	242	817	263
Other payables	Other currencies	2017-2018	263	8,418	468	7,374
			1,223,597	358,383	617,291	338,249

As of 31 December 2016, the total drawdown amount from credit lines amounted to EUR 187,713 thousand (2015: EUR 168,876 thousand). The detail of the undrawn credit lines is as follows:

Thousands of euros	2016	2015
Maturing in less than 1 year	189,716	303,365
Maturing in more than 1 year	400,000	350,000
	589,716	653,365

Credit facilities are subject to various interest rate reviews in 2017.

Debentures and other negotiable securities

On 2 April 2013, uncovered bonds were issued for a nominal amount of EUR 500,000 thousand, maturing on 2 April 2018. This issue allows the deferral of the maturities of part of Prosegur's debt and the diversification of funding sources. 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.

Debenture (Brazil)

On 23 April 2012, a debenture was issued in Brazil for limited public distribution with a firm guarantee of full placement. The placement institutions were Banco Bradesco BBI, S.A., Banco Itaú BBA, S.A., and Banco Santander.

The whole of the debenture was paid in advance on 28 September 2016. Thus, there is no outstanding amount as of 31 December 2016 (as of 31 December 2015: BRL 70,933 thousand, equivalent as of 31 December 2015 to: EUR 16,452 thousand).

Syndicated loan operation (Spain)

On 12 June 2014, Prosegur entered into a syndicated credit loan operation for a sum of EUR 400,000 thousand for a five-year period, in order to defer the maturities of part of Prosegur's debt. On 18 March 2015, a novation was made of the syndicated loan, whereby its maturity date was modified and deferred to 18 March 2020. As of 31 December 2016, the drawdown balance amounts to EUR 50,000 thousand (2015: EUR 50,000 thousand).

The interest rate of the drawdowns under the syndicated loan operation is equal to Euribor plus an adjustable spread, based on the variation of the net financial debt/EBITDA ratio.

Additionally, this loan is secured by collateral from the main subsidiaries of Prosegur in Spain, Portugal, Peru, Argentina and Brazil. The contract provides the following compulsory financial ratios, which are met for 2016:

- The net financial debt/EBITDA ratio must be less than or equal to 3.5.
- The EBITDA/finance cost ratio must be greater than 5.

Syndicated loan (Spain)

In December 2016, Prosegur entered into a syndicated loan operation through its subsidiary, Prosegur Cash, S.A., for a sum of EUR 600,000 thousand for a three-year period. As of 31 December 2016, the drawdown capital of the syndicated loan totals EUR 600,000 thousand. The interest rate is pegged to the Euribor rate plus a margin.

In accordance with the contract, the loan has a single amortisation for its entirety, which will be made upon maturity of the loan in 2019.

Additionally, this loan is secured by the main subsidiaries of Prosegur Cash, S.A., in Peru, Argentina and Brazil. The contract provides the following compulsory financial ratios, which are met for 2016:

- The net financial debt/EBITDA ratio must be less than or equal to 3.5.
- The EBITDA/finance cost ratio must be greater than 5.

Syndicated loan (Australia)

In December 2013, Prosegur entered into a syndicated loan operation through its subsidiaries, Prosegur Australia Holdings PTY Limited and Prosegur Australia Investments PTY Limited, for a sum of AUD 70,000 thousand for a three-year period, in order to finance the acquisition of security companies.

On 12 September 2016, the whole of the syndicated loan was paid in advance. Thus, there is no outstanding amount as of 31 December 2016 (as of 31 December 2015: AUD 70,000 thousand, equivalent as of 31 December 2015 to: EUR 46,989 thousand)

Finance lease payables

The detail of the minimum payments for finance leases is as follows:

Thousands of euros	2016	2015
Less than 1 year	11,499	8,392
Between 1 to 5 years	14,135	13,180
Over 5 years	304	184
Interest	(2,033)	(1,434)
	23,905	20,322

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 11).

Bailment

Prosegur in Australia has access to bailment facilities for the supply of cash to automated teller machines belonging to Prosegur. In these facilities, the cash is owned by the bailor, who has contracts directly with Prosegur. Prosegur has access to this money for the sole purpose of loading cash into the ATMs, which are governed by this contract. The settlement of the corresponding cash assets and liabilities is carried out via regulated clearing systems, such as the right of offset. As a result of the foregoing, no assets or liabilities are shown in the consolidated annual accounts for this item. The amount in circulation as of 31 December 2016 is AUD 67.60 millions (equivalent to EUR 46.65 millions). At 31 December 2015 the amount was AUD 60 millions equivalent to EUR 40.3 million

Loan with financial institutions (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, Prosegur took out a 4-year bullet loan on 29 January 2016, for a sum of ZAR 272,000 thousand (equivalent as of 31 December 2016 to EUR 18,814 thousand).

Other payables

Other payables mainly relate to business combinations pending payments formed in both the present year and previous years (Note 30). Details of other payables are as follows:

Thousands of euros	2016	2015
Non-current		
Contingent and deferred payments for acquisitions	2,639	23,471
Other	10,633	3,147
	13,272	26,618
Current		
Contingent and deferred payments for acquisitions	30,854	27,456
Other	823	4,667
	31,677	32,123

The items composing the balance of debts from deferred and contingent payments resulting from acquisitions are as follows:

Thousands of euros					
	Currency	2016		2015	
		Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Values	Reales	—	1,004	—	699
Transvig-Transporte de Valores e Vigilancia LTDA	Reales	769	384	805	268
Nordeste and Transbank Group	Reales	—	19,689	22,105	22,105
Prover Electronica, Ltda.	Reales	—	108	50	50
Martom Segurança Eletrônica Ltda.	Reales	—	377	—	334
Evttec Management Services PTE LTD	Singapore Dollar	—	286	—	537
Securlog GmbH	Euros	—	258	—	258
MIV Gestión S.A.	Euros	—	323	—	—
Dognaedis Lda	Euros	1,381	70	—	—
Indiseg Evolium Group S.L.	Euros	400	200	—	—
Asset Purchase from Toll Transport Pty Ltd	Australian dollar	—	4,796	—	—
Segura Group	Uruguayan Peso	—	108	14	97
Roytronic, S.A.	Uruguayan Peso	—	—	85	58
Genper, S.A.	Uruguayan Peso	—	118	—	114
Nanjing Zhong Dun Security Services	Renminbi	82	82	170	—
Inversiones BIV, S.A. and subsidiary	Colombian Peso	—	357	—	471
Integra Group - Colombia	Colombian Peso	—	2,238	—	2,065
Shanghai Bigu Group	Renminbi	—	219	142	142
TC Interplata S.A.	Argentine Peso	7	100	100	50
Tellex, S.A.	Argentine Peso	—	135	—	208
		2,639	30,852	23,471	27,456

25. Suppliers and other payables

The breakdown of the suppliers and other payables heading is as follows:

Thousands of euros		
	2016	2015
Trade payables	208,212	191,163
Accrued personnel costs	276,522	261,447
Social Security and other taxes	197,917	166,784
Other payables	103,042	73,283
	785,693	692,677

Accrued personnel costs

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

The accrued obligations to personnel heading includes EUR 36,886 thousand relating to the incentives programme (2015: EUR 30,856 thousand). The amount recognised under the employee benefits expense heading in the income statement for this item amounts to EUR 60,611 thousand (2015: EUR 62,374 thousand).

The employee benefits expense heading also includes other liabilities corresponding to outstanding remunerations and accrued extra salary payments.

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

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

	2016	2015
	Days	Days
Average payment period for suppliers	61	60
Ratio of paid operations	60	53,3
Ratio of operations pending payment	74.0	128.8

	Thousands of euros	Thousands of euros
Total payments made	280,787	226,890
Total payments pending	19,916	23,556

In accordance with the ICAC Resolution on calculating the average period for paying suppliers, commercial operations were considered corresponding to the delivery of goods or services accrued from the effective date of Law 31/2014, of 3 December, meaning on 24 December 2014. The information of these consolidated accounts on payments to suppliers pertains exclusively to companies located in Spain that are added to the consolidated group via the global integration method.

Suppliers are defined, for the exclusive purposes of providing information set out in this Resolution as trade payables for debts with suppliers of goods or services, included in the account of suppliers and other payables of the current liabilities on the consolidated balance sheet.

“Average supplier payment period” is understood to be the period from delivery of the goods or rendering of the service that are the supplier’s responsibility and the payment being made for the operation.

The maximum legal payment term applicable to consolidated companies in financial year 2016 according to Law 11/2013, of 26 July, is 30 days (unless the terms fulfilled in the above are fulfilled to allow such term to be raised to 60 days).

26. Other liabilities

Other non-current liabilities include amounts corresponding to accruals of alarm rental income.

Details of other liabilities are as follows:

Thousands of euros	2016		2015	
	Non-current	Current	Non-current	Current
Revenues received in advance	—	31,364	—	28,451
Other liabilities	—	9,247	—	12,712
	—	40,611	—	41,163

Revenue received in advance mainly includes advanced billing of alarm system contracts for EUR 17,940 thousand (2015: EUR 15,446 thousand), along with revenue received in advance associated with building contracts (Note 18).

27. Taxation matters

Prosegur Compañía de Seguridad, S.A. is the parent of a group that files consolidated income tax returns in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Additionally, Prosegur files consolidated tax returns in the following countries: France, Luxembourg, Portugal and Australia

- Certain companies in France, directly or indirectly owned by Prosegur, make up two consolidated tax groups and file tax returns, pursuant to relevant legislation, under the special “Intégration Fiscale” system.
- In Luxembourg, the consolidated tax group, which was made up of Luxpai Holdco, SARL, and Pitco Reinsurance, S.A., broke up as a result of corporate restructuring operations.

- In Portugal, Prosegur has a new consolidated tax group, made up of the following Portuguese companies: Prosegur Companhia de Segurança, Ltda., Prosegur Distribuição e Serviços, Ltda., Prosegur Agencia Promoção e Comercialização de Productos e Servicios Unipessoal, LDA, Prosegur Logística e Tratamento de Valores Portugal, S.A., Prosegur Alarmes Dissuasão Potugal Unipessoal, Ltda., Prosegur SES Serviços Empresariais de Segurança Unipessoal, LDA, Prosegur de Servicios Partilhados Unipessoal, LDA, and Prosegur Gestão de Activos Imobiliários, S.A.
- In Australia, there is a consolidated tax group made up of five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia, Prosegur Technology Pty Limited and Prosegur Asset Management.

The rest of Prosegur's subsidiaries file tax returns in accordance with the tax policies in force in the countries in which they operate.

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

Thousands of euros	2016	2015
Current tax	162,707	127,517
Deferred tax	(22,589)	(22,970)
	140,118	104,547

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

Thousands of euros	2016	2015
From year	141,540	116,872
Adjustments from previous years	10,472	455
Loss without recognised deferred tax	10,695	10,190
	162,707	127,517

The main items making up the deferred tax expense/revenue are as follows:

Thousands of euros	2016	2015
Deductions	(5,916)	960
Source and reversal of temporary differences	(14,984)	(8,359)
Tax losses	(3,691)	(12,944)
Due to investments	20,001	(2,329)
Goodwill for tax purposes	(17,999)	(302)
Other	—	4
	(22,589)	(22,970)

Deferred taxes relating to goodwill for tax purposes come from Brazilian local mergers that took place in past fiscal years. Brazilian tax legislation allows accelerated amortisation.

The calculation of the tax expense over gain, based on pre-tax profit, is as follows:

Thousands of euros		
	2016	2015
Profit before income tax	274,249	287,916
Tax rate	25%	28%
Result of applying tax rate to profit	68,562	80,617
Permanent differences	30,464	7,398
Effect of applying different tax rates	21,095	10,753
Adjustment of deferred taxes from previous years	(763)	(2,294)
Adjustment to taxes from previous years	10,472	455
Loss without deferred tax	10,695	10,190
Previously unrecognised deductions applied	(407)	(2,572)
Income tax expense	140,118	104,547

The effective average tax rate in 2016 is 51.09% (2015: 36,31%).

During fiscal years 2015 and 2016, Prosegur, as defined in its strategic plan, has carried out a process of organizational and corporate restructuring of the group aimed to transforming the management model by country into a business model (in line with The best practices of the sector), separating the divisions of Cash, Security and Alarms. The process of organizational and corporate restructuring of the Prosegur Group's Cash division has been carried out legally through execution in the years 2015 and 2016. The tax cost associated with this corporate restructuring for 2016 amounts to 41.5 million Euros.

In this respect, Prosegur guarantees Prosegur Cash that the reorganization of Prosegur Cash has been carried out in compliance with the rules (in particular, commercial, administrative, labor and tax) applicable in each jurisdiction. Accordingly, Prosegur undertakes to keep Prosegur Cash fully indemnified and indemnify Prosegur Cash from any actual and actual damages and losses suffered by Prosegur Cash or any of Prosegur Cash's current subsidiaries as a direct result of breach of the Guarantee on the reorganization.

The tax rates in the countries where Prosegur operates are as follows:

Tax rate	2016	2015
Germany	30.5%	30.5%
Spain	25.0%	28.0%
France	33.3%	33.3%
Luxembourg	29.2%	29.2%
Portugal	22.5%	22.5%
Argentina	35.0%	35.0%
Brazil	34.0%	34.0%
Chile	24.0%	22.5%
Colombia	35.0%	35.0%
Mexico	30.0%	30.0%
Paraguay	10.0%	10.0%
Peru	28.0%	28.0%
Uruguay	25.0%	25.0%
Australia	30.0%	30.0%
India	38.0%	38.0%
Singapore	17.0%	17.0%
China	25.0%	25.0%
Hong Kong	16.5%	16.5%
South Africa	28.0%	28.0%

Likewise, local legislation in Peru and Chile modified tax rates for coming years in 2015. Therefore, the tax rate for coming fiscal years will be as follows:

Tax rates that start as of	Type of tax	
	Peru	Chile
1 January 2017	29.5%	25.5%
1 January 2018	29.5%	27.0%
1 January 2019	29.5%	27.0%

Therefore, deferred tax assets and liabilities have been adapted to these new tax rates.

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

Deferred tax asset

Thousands of euros													
	1 January 2015	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2015	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016
Property, plant and equipment and tangible asset	6,841	(1,093)	–	–	–	(112)	5,636	5,974	–	–	–	372	11,982
Deferred alarm costs	145	(2)	–	–	–	8	151	609	–	–	–	0	760
Due to investments	21,813	(4,328)	–	–	–	449	17,934	(16,598)	–	–	–	623	1,959
Due to provision differences	74,625	3,985	–	–	–	(14,171)	64,439	12,691	–	–	–	6,618	83,748
Tax losses	34,712	12,944	–	–	–	(7,906)	39,750	3,691	–	–	–	7,134	50,575
Tax deductions	3,588	(960)	–	–	–	–	2,628	5,916	–	–	–	–	8,544
Overtime ruling	1,135	(222)	–	–	–	28	941	(941)	–	–	–	–	–
Goodwill for tax purposes	36,888	(948)	–	–	–	(9,150)	26,790	(1,948)	–	–	–	2,648	27,490
Other	1,235	4,864	–	(327)	–	(82)	5,690	(5,110)	–	129	–	(139)	570
	180,982	14,240	–	(327)	–	(30,936)	163,959	4,284	–	129	–	17,256	185,628

Deferred tax liabilities

Thousands of euros													
	1 January	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2015	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016
Property, plant and equipment and tangible asset	(84,114)	6,421	(2,493)	–	3,490	13,559	(63,137)	1,247	(1,733)	–	–	(3,515)	(67,138)
Goodwill for tax purposes	(27,393)	1,249	–	–	–	2,266	(23,878)	19,947	–	–	(915)	(3,141)	(7,987)
Due to investments	(22,573)	6,657	–	–	–	247	(15,669)	(3,403)	–	–	915	(132)	(18,289)
Deferred alarm income	(3,864)	(1,990)	–	–	–	993	(4,861)	(1,096)	–	–	–	–	(5,957)
Deferred gains on sale of fixed assets	(412)	–	–	–	–	–	(412)	526	–	–	–	(114)	–
Revaluation of assets	(10,110)	2,013	–	–	–	88	(8,009)	(765)	–	–	–	(16)	(8,790)
Other	(25)	(5,620)	–	–	–	4,773	(872)	1,849	–	–	–	(977)	–
	(148,491)	8,730	(2,493)	–	3,490	21,926	(116,838)	18,305	(1,733)	–	–	(7,895)	(108,161)

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

Thousands of euros				
	2016		2015	
	Current	Deferred	Current	Deferred
Equity profit and loss	—	129	—	(327)
	—	129	—	(327)

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

Thousands of euros		
	2016	2015
Deferred tax assets	163,911	133,824
Deferred tax liabilities	(100,066)	(108,675)
	63,845	25,149

According to the provisions of current Spanish tax legislation, in 2016, tax loss carryforwards of Prosegur companies may be offset by positive income from subsequent tax periods up to 25% of the tax base.

The detail of deferred tax assets and liabilities by country in thousands of euros is as follows:

Thousands of euros				
	2016		2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Brazil	91,622	(41,229)	75,116	(38,210)
Spain	22,468	(24,372)	32,147	(36,551)
Argentina	17,057	(8,567)	19,316	(7,821)
France	3,447	(3,932)	2,279	(4,425)
Other	51,034	(30,061)	35,101	(29,831)
Total	185,628	(108,161)	163,959	(116,838)

Prosegur has no deductions pending application that have not been capitalised.

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

Details of tax loss carryforwards and the year up to which they could be offset as of 31 December 2016 are as follows:

Thousands of euros			
Year	Total	Not capitalised	Capitalised
2017	2,841	1,587	1,254
Subsequent years or no time limit	300,188	134,971	165,217
	303,029	136,558	166,471

The detail of taxable bases capitalised and not capitalised by the company and their prescription period as of 31 December 2016 is as follows (tax base expressed in thousands of euros):

Thousands of euros			
	Total amount	2017	Later
Germany	69,212	—	69,212
Spain	22,545	—	22,545
France	58,391	—	58,391
Portugal	3,003	—	3,003
Argentina	23,008	1,135	21,873
Brazil	67,882	—	67,882
Chile	30,052	—	30,052
Colombia	200	118	82
Mexico	23,210	1,588	21,622
Peru	1,364	—	1,364
Uruguay	2,347	—	2,347
China	344	—	344
Hong Kong	498	—	498
Singapore	732	—	732
Netherlands	51	—	51
South Africa	190	—	190
Total	303,029	2,841	300,188

The detail of negative taxable bases capitalised and not capitalised as of 31 December 2016 is as follows:

Thousands of euros		
	Capitalised	Not capitalised
Germany	34,590	34,622
Spain	22,545	—
France	3,689	54,702
Portugal	2,628	375
Argentina	23,008	—
Brazil	54,876	13,006
Chile	21,691	8,361
Colombia	200	—
Mexico	—	23,210
Peru	453	911
Uruguay	2,347	—
China	254	90
Hong Kong	—	498
Singapore	—	732
Netherlands	—	51
South Africa	190	0
Total	166,471	136,558

The most significant non-capitalised tax bases are in France, Germany, Mexico and Brazil. Of the EUR 303,029 thousand tax bases capitalised and not capitalised by Prosegur, with a prescription period after 2017, there is no offset time limit for EUR 249,754 thousand and there is for the remaining EUR 53,275 thousand.

Deferred tax assets are recognised provided that it is probable that sufficient future gains will be generated against which the temporary differences can be offset. The recoverable amount of a CGU is determined based on its value in use. These calculations use cash flow projections based on financial budgets that exclude the effects of potential future improvements in the return on assets and which are approved by Management, covering a four-year period (Note 10).

On 10 May 2016, the opening of auditing actions was announced. These actions are in relation to corporate tax and partially with regard to the origin of freedom of amortisation for job creation or maintenance in 2011 and the deductibility of remuneration made to directors in 2011 and 2014.

Furthermore, on the same date, 10 May 2016, the opening of auditing actions was announced against Prosegur Compañía de Seguridad (acquiring company) as the successor of the takeover merger of the companies Prosegur Transporte de Valores and Prosegur Activa España (both acquired companies). These actions are also in relation to corporate tax and partially with regard to the origin of freedom of amortisation for job or maintenance creation in 2011.

As a consequence of such actions, the following documents were signed:

- Certificate of agreement regarding the freedom of amortisation
- Certificate of disagreement regarding the remuneration of directors with a payment of EUR 390,145.61 and EUR 30,267.58 in interest.

With regard to this certificate of disagreement, pleas were submitted, as Prosegur expects a favourable resolution. These pleas are currently awaiting response from the Technical Office of the State Tax Administration Agency.

The remaining Prosegur companies are subject to their corresponding local jurisdictions.

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 believe that the liabilities that could arise would have a significant effect on consolidated annual accounts.

In 2016, the following corporate restructuring operations were carried out under the neutral tax system:

— In Spain:

- Contribution of 0.03% of the shares of Prosegur International CIT 1, S.L., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
- Contribution of 5% of the shares of Armor Acquisition, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
- Contribution of 100% of the shares of Prosegur BPO España, S.L.U., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.
- Contribution of 100% of the shares of Prosegur Global CIT ROW, S.L.U., from Prosegur Compañía de Seguridad, S.A., to Prosegur Cash, S.A.
- Contribution of 100% of the shares of Prosegur Global CIT S.L.U., from Prosegur Compañía de Seguridad, S.A., to Prosegur Cash, S.A.
- Contribution of 100% of the shares of Prosegur USAP International, S.L., from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
- Contribution of 100% of the shares of Formación, Selección y Consultoría, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
- Contribution of 100% of Prosegur Ciberseguridad, S.L., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS ROW, S.L.U.
- Contribution of 95% of the shares of Prosegur Gestion d'Actifs France SCI from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
- Contribution of 100% of the shares of Prosegur France, S.A.S., from Prosegur Compañía de Seguridad, S.A., to PS Global SIS ROW, S.L.U.
- Contribution of 5% of the shares of Prosegur Serviços Aeroportuarios, Ltda., B74 from Prosegur Global SIS, S.L.U., to Prosegur International SIS, S.L.
- Contribution of 8.929% of the shares of Prosegur Tecnología em Sistemas de Seg Elet e Incendios, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
- Contribution of 100% of the shares of Prosegur Cash Services Germany GmbH from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.

- Contribution of 44.96% of the shares of Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
 - Contribution of 85.6028% of the shares of Prosegur Mexico, S. de R.L. de C.V., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
 - Contribution of 80% of the shares of Grupo Tratamiento y Gestion de Valores SAPI de C.V. from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
 - Contribution of 100% of the shares of Prosegur Gestao de Activos Imobiliarios, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Gestión de Activos, S.L.U.
 - Contribution of 100% of the shares of Prosegur de Servicios Partilhados Unipessoal, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur USAP International, S.L.
 - Contribution of 100% of the shares of Prosegur Companhia de Segurança, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS ROW, S.L.U.
 - Contribution of 100% of the shares of Prosegur Alarmes Dissuasao Potugal Unipessoal, Ltda., from Prosegur Compañía de Seguridad, S.A., to PS Global Alarmas ROW, S.L.U.
 - Contribution of 100% of the shares of Prosegur Logistica e Tratamento de Valores Portugal, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.
 - Contribution of 90% of the shares of General Industries Argentina, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
 - Contribution of 95% of the shares of Tellex, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
 - Contribution of 5% of the shares of Prosegur Tecnología Argentina, S.A., (5%) from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
 - Contribution of 5% of the shares of Prosegur Tecnología Argentina, S.A., from Prosegur Global SIS, S.L.U., to Prosegur International SIS, S.L.
 - Contribution of 7.86% of the shares of Xiden SACI from Prosegur Compañía de Seguridad, S.A., to Prosegur Global SIS, S.L.U.
 - Contribution of 7.86% of the shares of Xiden SACI from Prosegur Global SIS, S.L.U., to Prosegur International SIS, S.L.
 - Contribution of 4% of the shares of Prosegur Gestión de Activos Chile, Ltda., from Prosegur Gestión de Activos, S.L.U., to Prosegur Gestion de Activos International, S.L.
 - Contribution of 99.98038966% of the shares of Servicios Prosegur, Ltda., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
 - Contribution of 33.33% of the shares of SBV Services from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT ROW, S.L.U.
 - Contribution of 94.90% of the shares of Compañía Transportadora de Valores Prosegur de Colombia, S.A., from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
 - Contribution of 100% of the shares of Malcoff Holdings BV from Prosegur Compañía de Seguridad, S.A., to Prosegur Global CIT, S.L.U.
- In France, in 2016, four mergers took places, whereby the companies Prosegur Traitement de Valeurs EST, S.A.S., Prosegur Sécurité EST, S.A.S., Prosegur Sécurité Rubis, S.A.S., and Prosegur Sécurité Opale, S.A.S., were all taken over by Prosegur Sécurité Humaine, S.A.S.
 - In Portugal, on 1 March 2016, there was a split between the cash in transit and alarm businesses of the company Prosegur Companhia de Segurança, Ltda. Thus, the successor of the manned guarding activity is Prosegur Companhia de Segurança, Ltda.; the successor of the cash in transit acti-

vity is Prosegur Logística e Tratamento de Valores Portugal Unipessoal, Ltda.; and the successor of the alarm activity is Prosegur Alarmes Dissuasão Portugal Unipessoal, Ltda.

28. Contingencies

Guarantees

Prosegur has contingent liabilities for bank and other guarantees related with its normal business operations which are not expected to result in any significant liabilities.

Guarantees provided by Prosegur to third parties are as follows:

Thousands of euros	2016	2015
Commercial guarantees	156,188	130,602
Financial guarantees	149,226	130,355
	305,414	260,957

Commercial guarantees include those given to clients.

Financial guarantees essentially include those relating to lawsuits in process, amounting EUR 79,182 thousand (2015: EUR 83,153 thousand). Civil and labour lawsuits in Brazil amount to EUR 72,800 thousand as of 31 December 2016 (2015: EUR 67,483 thousand) (see Note 23).

National Commission of Markets and Competition

On April 22, 2015, the National Commission for Mercantile and Competition (hereinafter CNMC) initiated proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. and Loomis España, S.A. for alleged anti-competitive practices in accordance with EU law. On November 10, 2016, the CNMC imposed a fine of approximately 39,4 millions euros on Prosegur and the subsidiary of the Company jointly and severally. The decision of the CNMC is not yet final and can be challenged in court. Prosegur will assume exclusively and at its expense the defense of Prosegur and Prosegur Servicios de Efectivo España, S.L. in front of the Sanctioning File and the decision of the Board of Competence of the Council of the CNMC of November 10, 2016, enjoying exclusive power with respect to the direction and control of said defense and the Contentious-Administrative Procedure.

The evaluation made by the CNMC, in due time, may result in additional liabilities when the proceedings are finalised. In any case, the directors of the Company do not believe that the liabilities that could arise would have a significant effect on consolidated annual accounts.

Liquidation of subsidiaries in France

In April 2005, the accounts of Bac Sécurité, Force Gardiennage and Sécurité Européenne de L'Espace Industriel (SEEI) were deposited with the Versailles Court of Commerce and these companies have been in receivership since that date. The liquidation of these companies was completed in 2008 and they are currently being dissolved. The Directors do not expect significant liabilities to arise from this process.

Liquidation of subsidiaries in Romania

At the end of financial year 2015, the company SC Rosegur S.A. is undergoing insolvency proceedings and the company SC Rosegur Cash Services S.A. has been declared bankrupt. The company Rosegur Holding Corporation S.L., in liquidation, has been dissolved as agreed by the shareholders at their general meeting and is currently under liquidation. Lastly, the companies SC Rosegur Fire SRL and SC Rosegur Training SRL, both inactive, form part of the equity of SC Rosegur S.A. to be liquidated as part of the insolvency proceedings. The Directors do not expect significant liabilities to arise from this process.

29. Commitments

Purchase commitments for fixed assets

The following investments were committed but not yet incurred at the close of the fiscal year:

Thousands of euros	2016	2015
Property, plant and equipment	14,455	13,303
Other intangible assets	457	228
	14,912	13,531

As of 31 December 2016, there are commitments in property, plant and equipment for the purchase of facilities amounting to EUR 3,095 thousand, mainly in Argentina (EUR 4,039 thousand in 2015).

Operating lease commitments

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

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

At 31 December 2016

Thousands of euros			
Type	Less than 1 year	Between 1 to 5 years	Over 5 years
Property	16,216	39,598	12,714
Vehicles	12,363	11,715	5,858
Other assets	—	—	—
	28,579	51,313	18,572

At 31 December 2015

Thousands of euros			
Type	Less than 1 year	Between 1 to 5 years	Over 5 years
Property	12,808	26,585	6,073
Vehicles	15,526	15,503	7,088
Other assets	66	67	1
	28,400	42,155	13,162

The main operating leases on properties are as follows:

- Leases held for buildings located at Calle Santa Sabina 8 and Calle Pajaritos 24 in Madrid, between the parent company, Prosegur Compañía de Seguridad, S.A., and the company Proactinmo, S.L.U. The total expense for these leases, in 2016, amounts to EUR 1,859 thousand (2015: EUR 1,159 thousand), (Note 31).
- Leases held by Prosegur Brasil, S.A., for the use of operating bases located in Rio de Janeiro and São Paulo. The total expense for these leases, in 2016, amounts to EUR 2,334 thousand (2015: EUR 1,957 thousand).
- Lease held by Prosegur Companhia de Segurança, Ltda., for the office building located at Avenida Berna 54 in Lisbon. The total expense for this lease, in 2016, amounts to EUR 220 thousand (2015: EUR 220 thousand).

Operating leases on vehicles have an average duration of four years.

The expense corresponding to operating leases included in the consolidated income statement for 2016 amounts to EUR 84,950 thousand (2015: EUR 87,217 thousand), (Note 4). There are no contingent payments for this item.

Prosegur also lets installations to other parties under cancellable operating leases as part of its alarm system rental activity. Clients may cancel these contracts by giving notice, terminating the agreement immediately. The uncertainty regarding these cancellation periods does not allow the total future collections from these operating leases to be reliably estimated.

30. Business combinations

The detail of the variations in goodwill are presented in Note 12.

30.1. Goodwill included in 2016

The detail of the net assets acquired and the goodwill recognised by the additions made during the fiscal year is as follows:

Thousands of euros						
	Segment to which it is allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
MIV Gestión S.A. ⁽¹⁾		698	443	1,141	832	309
Dognaedis Lda. ⁽¹⁾	EAAA	60	1,451	1,511	445	1,066
Beagle Watch Armed Response Property Limited ⁽¹⁾	EAAA	2,155	3,311	5,466	2,297	3,169
Procesos Técnicos de Seguridad y Valores S.A.S ⁽¹⁾	EAAA	156	—	156	85	71
Indiseg Evolium Group S.L. ⁽¹⁾	LatAm	961	600	1,561	898	663
Toll Transport Pty Ltd ⁽¹⁾	EAAA	7,218	4,545	11,763	5,934	5,829
	EAAA	11,248	10,350	21,598	10,491	11,107

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

Goodwill is not tax-deductible.

Had the businesses acquired in 2016 been acquired on 1 January 2016, the ordinary revenue of the 2016 consolidated income statement would have increased by EUR 8,771 thousand, and the profit for the fiscal year would have increased by EUR 338 thousand.

Prosegur recognised EUR 1,172 thousand in transaction costs under the administrative and selling expenses heading of the consolidated income statement (2015: EUR 892 thousand).

Thousands of euros				
	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
MIV Gestión S.A.	Spain	698	(240)	458
Dognaedis Lda.	Portugal	60	(9)	51
Beagle Watch Armed Response Propierty Limited	South Africa	2,155	(35)	2,120
Procesos Técnicos de Seguridad y Valores S.A.S	Colombia	156	(3)	153
Indiseg Evolium Group S.L.	Spain	961	—	961
Compra de Activos a Toll Transport Pty Ltd	Australia	7,218	—	7,218
		11,248	(287)	10,961

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

MIV Gestión, S.A.

On 8 January 2016, Prosegur acquired 100% of the company MIV Gestión S.A. —a security company that provides international transport services for valuable and vulnerable goods— in Spain. The total purchase price was EUR 1,141 thousand, made up of a cash payment of EUR 698 thousand, a deferred payment maturing in 2016 and 2017 for a total of EUR 360 thousand and a contingent deferred payment of EUR 83 thousand.

The acquiree was added to the consolidated group on 8 January 2016. It contributed ordinary revenue of EUR 2,451 thousand and net losses of EUR 80 thousand to the 2016 consolidated income statement.

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

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

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 701 thousand) with a useful life of 5 years.

Beagle Watch Armed Response Proprietary Limited

On 28 January 2016, Prosegur acquired 57% of the company Beagle Watch Armed Response Proprietary Limited — a security company specialising in monitoring residential alarms— in South Africa. The total purchase price was ZAR 42,251 thousand (equivalent on the acquisition date to: EUR 2,415 thousand), comprising a cash payment of ZAR 37,697 thousand (equivalent on the acquisition date to: EUR 2,155 thousand), and a deferred amount to secure possible liabilities amounting to ZAR 4,554 thousand (equivalent on the acquisition date to: EUR 260 thousand). In addition, Prosegur has increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing to a capital increase by a total amount of ZAR 53.369 million (equivalent on the acquisition date to: EUR 3,051 thousand), achieving a 75% shareholding in the same. The subscription to these shares is pending payment in its entirety. Prosegur might not pay for the shares and the capital increase, in this case, will be void.

The acquiree was added to the consolidated group on 28 January 2016. It contributed ordinary revenue of EUR 3,220 thousand and net losses of EUR 88 thousand to the 2016 consolidated income statement.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	35	35
Property, plant and equipment	186	186
Trade and other receivables	2,389	2,389
Inventory	20	20
Suppliers and other payables	(167)	(167)
Other liabilities and expenses	(6)	(6)
Financial liabilities and other non-current liabilities	(112)	(112)
Current tax liabilities	(8)	(8)
Deferred tax	(40)	(40)
Identifiable net assets acquired	2,297	2,297

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

Dognaedis Lda.

On 14 March 2016, Prosegur acquired 100% of the company Dognaedis Lda. S.A. —a company specialising in cybersecurity services— in Portugal. The total purchase price was EUR 1,511 thousand, made

up of a cash payment of EUR 60 thousand and a contingent deferred payment, for a total of EUR 1,451 thousand.

The acquiree was added to the consolidated group on 14 March 2016. It contributed ordinary revenue of EUR 444 thousand and net losses of EUR 268 thousand to the 2016 consolidated income statement.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	9	9
Property, plant and equipment	13	13
Trade and other receivables	150	150
Current tax assets	22	22
Suppliers and other payables	(51)	(51)
Current tax liabilities	(4)	(4)
Other current liabilities	(117)	(117)
Non-current financial liabilities	(140)	(140)
Other intangible assets	251	723
Financial debt	(45)	(45)
Deferred tax	—	(115)
Identifiable net assets acquired	88	445

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

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

On 29 April 2016, Prosegur acquired 100% of the company Procesos Técnicos de Seguridad y Valores S.A.S. —a company specialising in cash management services performing tasks of processing, packaging and recycling notes and coins— in Colombia. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to: EUR 156 thousand), comprising a cash payment of COP 512,000 thousand (equivalent on the acquisition date to: EUR 156 thousand).

The acquiree was added to the consolidated group on 29 April 2016. It contributed ordinary revenue of EUR 3,362 thousand and net profit of EUR 237 thousand to the 2016 consolidated income statement.

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

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

The goodwill was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

Indiseg Evolium Group, S.L.

On 3 November 2016, Prosegur acquired 100% of the company Indiseg Evolium Group, S.L. - a company specialising in cybersecurity services - in Spain. The total purchase price was EUR 1,561 thousand, comprising a cash payment of EUR 961 thousand, a deferred payment maturing in 2016 for a total of EUR 100 thousand and a contingent deferred payment for a total of EUR 600 thousand.

The acquiree was added to the consolidated group on 3 November 2016. It contributed ordinary revenue of EUR 116 thousand and net profit of EUR 90 thousand to the 2016 consolidated income statement.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	—	—
Property, plant and equipment	25	25
Trade and other receivables	819	819
Suppliers and other payables	(379)	(379)
Financial Liabilities	(268)	(268)
Other intangible assets	—	935
Deferred tax	—	(234)
Identifiable net assets acquired	197	898

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 935 thousand) with a useful life of 8 years.

Toll Transport Pty Ltd

On 4 November 2016, Prosegur acquired a bundle of assets from Toll Transport Pay Ltd. in Australia. The total purchase price was AUD 18,115 thousand (equivalent on the purchase date to: EUR 11,763 thousand), comprising a cash payment of AUD 11,115 thousand (equivalent on the purchase date to: EUR 7,218 thousand) and a contingent deferred payment of AUD 7,000 thousand (equivalent on the purchase date to: EUR 4,545 thousand)

The acquired assets were added to the consolidated group on 4 November 2016. It contributed ordinary revenue of EUR 3,272 thousand and net profit of EUR 283 thousand to the 2016 consolidated income statement.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	—	—
Property, plant and equipment	—	—
Suppliers and other payables	3,458	3,458
Other intangible assets	(248)	(248)
Deferred tax	—	3,892
Identifiable net assets acquired	—	(1,168)
Activos netos identificables adquiridos	3,210	5,934

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 3,892 thousand) with a useful life of 13 years.

30.2. Goodwill included in 2015 and not revised in 2016

The details of the net assets acquired and goodwill recognised for additions made in 2015 whose measurement was not revised in 2016 are as follows:

Thousands of euros						
	Segment to which it is allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Subsidiaries						
Call Centre and Back Office activity line	EAAA	2,186	—	2,186	1,058	1,128
Nanjing Zhong Dun Security Services	EAAA	88	176	264	162	102
Centro Informático de Vigo S.A.	EAAA	283	—	283	93	190
		2,557	176	2,733	1,313	1,420

Goodwill is not tax-deductible.

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

Thousands of euros				
	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Call Centre and Back Office activity line	Spain	2,186	-	2,186
Nanjing Zhong Dun Security Services	China	88	(6)	82
Centro Informático de Vigo S.A.	Spain	283	(18)	265
		2,557	(24)	2,533

Call Centre and Back Office activity line

On 1 April 2015, Prosegur acquired 100% of the Call Center and Back Office activity line from HP Procesos de Negocio España, S.L. The total purchase price was EUR 2,186 thousand.

The acquiree was added to the consolidated group on 1 April 2015. It contributed ordinary revenue of EUR 428 thousand and net loss of EUR 177 thousand to the 2015 consolidated income statement.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Property, plant and equipment	63	63
Trade and other receivables	82	82
Suppliers and other payables	(59)	(59)
Other intangible assets	—	1,350
Deferred tax	—	(378)
Identifiable net assets acquired	86	1,058

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

Nanjing Zhong Dun Security Services Co Ltd

On 2 June 2015, Prosegur bought in China 80% of the company Nanjing Zhong Dun Security Services Co Ltd, a company specialising in the rendering of surveillance services. The total purchase price was CNY 1,800 thousand (equivalent on the acquisition date to: EUR 264 thousand), comprising a cash payment of CNY 600 thousand (equivalent on the acquisition date to: EUR 88 thousand) and a contingent deferred

payment of CNY 200 thousand (equivalent on the acquisition date to: EUR 29 thousand) maturing in 2017 and 2018. Furthermore, there is a contingent consideration agreement with a best estimate as of 31 December 2015 amounting to CNY 1,000 thousand (equivalent on the acquisition date to: EUR 147 thousand). As of 31 December 2015, it is the only contingent consideration agreement held by Prosegur. It is a contingent consideration agreement subject to the evolution of the EBIT of the aforementioned subsidiary.

The acquiree was added to the consolidated group on 2 June 2015. It contributed ordinary revenues of EUR 307 thousand and profit for the year of EUR 9 thousand to the consolidated income statement for 2015.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	6	6
Property, plant and equipment	1	1
Trade and other receivables	58	58
Suppliers and other payables	(57)	(57)
Other intangible assets	—	205
Deferred tax	—	(51)
Identifiable net assets acquired	8	162

The goodwill was allocated to the EAAA 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 licences (EUR 205 thousand) with a useful life of 20 years.

Centro Informático de Vigo S.A.

On 17 November 2015, Prosegur acquired 100% of the company Centro Informático de Vigo, S.A. in Spain, a company that specialises in the rendering of banking administration services, under the Cash activity. The total purchase price was EUR 283 thousand.

The acquiree was added to the consolidated group on 17 November 2015. It contributed ordinary revenue of EUR 428 thousand and net loss of EUR 177 thousand to the 2015 consolidated income statement.

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

Thousands of euros		
	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	18	18
Property, plant and equipment	101	101
Trade and other receivables	334	334
Suppliers and other payables	(323)	(323)
Other non-current assets	11	11
Financial debt	(56)	(56)
Other non-current liabilities	(14)	(14)
Other current liabilities	(11)	(11)
Other intangible assets	4	44
Deferred tax	—	(11)
Identifiable net assets acquired	64	93

The goodwill was allocated to the EAAA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 40 thousand) with a useful life of 7 years.

31. Related Parties

Prosegur is controlled by Gubel, S.L., a company which was incorporated in Madrid and holds 50.075% of the Company's shares. The remaining 49.925% of the shares is held by various shareholders, including the main shareholders Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones, S.L. with 5.328%, Cantillon Capital Management LLC with 3.050%, FMR LLC with 3.00% and Invesco limited with 1.008% (Note 22).

Purchase of goods and services

In October 2005, a lease was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the rental of the building located at Calle Santa Sabina, number 8, in Madrid adjacent to a building located at Calle Pajaritos, number 24. At the end of 2015, a novation of the lease was signed, updating the annual rental fee in line with market conditions to EUR 1,012 thousand and extending the term of the contract from five to ten years, extendible for one year. A total expense of EUR 1,154 thousand was incurred for this lease in 2016 (in 2015: EUR 1,285 thousand).

In December 2015, a lease was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the rental of the building located at Calle Pajaritos, number 24, in Madrid. The duration of the contract is for ten years, renewable for one year, as it has been updated according to market conditions. A total expense of EUR 705 thousand was incurred for this lease in 2016 (in 2015: EUR 29 thousand).

Both rental fees are at market prices.

During the fiscal year, the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) invoiced Prosegur EUR 87 thousand for hotel services (in 2015: EUR 495 thousand).

Rendering of services

In 2016, Prosegur provided security services to Gubel, S.L. amounting to EUR 14 thousand and to Proactinmo, S.L.U. (controlled by Gubel, S.L.) amounting to EUR 49 thousand (2015: EUR 92 thousand).

During the fiscal year, Prosegur invoiced the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) for EUR 307 thousand (in 2015: EUR 11 thousand).

In 2016, assets were not sold to associated companies.

Remuneration of directors and Senior Management personnel

1. Remuneration of directors

The total remuneration accrued by members of the Board of Directors is as follows:

Thousands of euros	2016	2015
Fixed remuneration	1,325	1,384
Variable remuneration	500	500
Remuneration for membership of the Board and Committee	590	710
Daily allowances	152	206
Life insurance premiums	57	53
	2,624	2,853

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.

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

Thousands of euros	2016	2015
Fixed remuneration	2,812	2,774
Variable remuneration	1,534	2,189
Remuneration in kind	117	102
Life insurance premiums	8	8
	4,471	5,073

On 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation during the period from 2012 to 2014, at their annual general meeting.

At the General Shareholders' Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of Long-term Incentives for the Managing Director and Senior Management of Prosegur. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and sets out the payment of incentives pegged to the listed value of shares and/or cash incentives to the Managing Director and Senior Management of the Company like the previous plan (Note 35.18).

With regard to the 2014 and 2017 long-term incentive plans for the Managing Director and Senior Management of Prosegur (Note 5.1), the expense accrued during 2016, for the amount of EUR 4,260 thousand, was included under the salaries and wages heading (Note 23).

With regard to liabilities for the total commitment acquired, it is recognised as an expense on the income statement with a credit to provisions on an accruals basis over the Plan assessment period (Note 23).

In 2016, EUR 988 thousand corresponding to settlement of the first part of the 2014 Plan was applied (Note 23) (in 2015:) EUR 5,877 thousand).

Loans to related parties

As of 31 December 2016 and 2015, Prosegur had not granted any loans to related parties.

Shareholdings and positions held by the members of the Board of Directors of the parent company 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

Regarding the provisions set forth in articles 228, 229 and 230 of the revised text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the im-

provement of corporate governance, no situations arose during 2016 in which the members of the Board of Directors and their related parties were in direct or indirect conflict with the interests of the Company.

The firm J&A Garrigues, S.L.P. has been providing Prosegur, in a recurring manner and since long before the appointment of Fernando Vives as a director of the Company, services of legal and tax advice, within the ordinary course of business and in market conditions. Prosegur does not work exclusively with the firm J&A Garrigues, S.L.P., receiving legal and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not significant for the firm in material terms, nor do they represent a significant amount in Prosegur accounts. As of 31 December 2016, fees amount to EUR 698 thousand (as of 31 December 2015, the amount to EUR 849 thousand).

In addition, these services are rendered through other partners in the firm besides Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is totally independent and not linked in any way to the firm's invoicing to Prosegur. Therefore, the Board of Directors considers that the business relationship between the firm J&A Garrigues, S.L.P. and Prosegur, due to its recurring nature in the ordinary course of business, its non-exclusivity and its scant importance in the aforementioned terms, does not in any way affect the independent nature of Fernando Vives for performing the role of director of Prosegur and being classed as independent.

32. Financial risk management and fair value

32.1. Financial risk factors

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

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

Currency risk

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

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

As Prosegur intends to remain in the foreign markets in which it is present in the long term, it does

not hedge equity investments, assuming the risk relating to the translation to euros of the assets and liabilities denominated in foreign currencies.

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

As of 31 December 2016

Thousands of euros							
	Euro	US Dollar	Brazilian Real	Colombian Peso	Mexican Peso	Other currencies	Total position
Loans to related parties	—	—	—	—	—	—	—
Non-current financial assets	—	90	—	—	—	364	454
Total non-current assets	—	90	—	—	—	364	454
Trade and other receivables	14,746	5,174	—	—	—	1,840	21,760
Other current financial assets	—	—	—	—	—	—	—
Cash and cash equivalents	34,590	5,196	—	—	—	—	39,786
Total current assets	49,336	10,370	—	—	—	1,840	61,546
Financial Liabilities	(3,659)	(222)	—	—	—	(18,739)	(22,620)
Non-current liabilities	(3,659)	(222)	—	—	—	(18,739)	(22,620)
Suppliers and other payables	(11,305)	(18,081)	(1,166)	—	—	(8,624)	(39,176)
Financial Liabilities	(29,174)	(3,755)	(493)	(2,599)	—	(410)	(36,431)
Current liabilities	(40,479)	(21,835)	(1,659)	(2,599)	—	(9,034)	(75,607)
Net position	93,474	32,518	1,659	2,599	—	29,977	160,227

As of 31 December 2015

Thousands of euros							
	Euro	US Dollar	Brazilian Real	Colombian Peso	Mexican Peso	Other currencies	Total position
Loans to related parties	30,293	—	—	—	—	—	30,293
Non-current financial assets	3,215	91	—	—	—	—	3,306
Total non-current assets	33,508	91	—	—	—	—	33,599
Trade and other receivables	352,341	11,558	—	—	—	—	363,899
Other current financial assets	331,670	7,222	—	—	13	13,426	352,331
Cash and cash equivalents	12,934	15,157	—	—	—	—	28,091
Total current assets	696,945	33,937	—	—	13	13,426	744,321
Financial Liabilities	546,920	204	—	—	—	—	547,124
Non-current liabilities	546,920	204	—	—	—	—	547,124
Suppliers and other payables	276,617	27,079	2,820	—	1,014	3,656	311,186
Financial Liabilities	522,721	11,768	385	2,727	130	198	537,929
Current liabilities	799,338	38,847	3,205	2,727	1,144	3,854	849,115
Net position	(615,805)	(5,023)	(3,205)	(2,727)	(1,131)	9,572	(618,319)

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

	2016		2015	
	Average	Closing	Average	Closing
US Dollar	1.11	1.05	1.11	1.09
Brazilian Real	3.86	3.43	3.69	4.32
Argentine Peso	16.33	16.76	10.23	14.26
Chilean Peso	748.56	703.39	725.54	770.08
Mexican Peso	20.66	21.77	17.60	18.91
Peruvian Nuevo Sol	3.74	3.54	3.53	3.72
Colombian Peso	3,379.51	3,163.05	3,040.57	3,428.83

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

This analysis is based on a variation of the foreign currency exchange rate that Prosegur deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant.

Thousands of euros	Increase in exchange rate		Drop in exchange rate	
	Equity	Result	Equity	Result
As of 31 December 2016				
Brazilian Real (18% variation)	81,085	(364)	(56,347)	253
Argentine Peso (38% variation)	194,275	4,986	(87,283)	(2,240)
Chilean Peso (10% variation)	12,218	(1,379)	(9,997)	1,646
Peruvian Nuevo Sol (10% variation)	12,157	(494)	(9,946)	404
US Dollar (10% variation)	74	(1,083)	(61)	886
As of 31 December 2015				
Brazilian Real (18% variation)	29,176	356	(23,871)	(291)
Argentine Peso (38% variation)	31,927	2,975	(26,122)	(2,434)
Chilean Peso (10% variation)	7,252	1,153	(5,933)	(944)
Peruvian Nuevo Sol (10% variation)	10,247	(2,570)	(8,384)	2,103
US Dollar (10% variation)	39	276	(32)	(226)

Credit risk

Prosegur is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of clients are used if available. Otherwise, the Credit

Control Department assesses each client's credit rating, considering financial position, past experience and other factors. Individual credit limits are established depending on internal and external qualifications in accordance with the limits set by the Financial and Economic Management. There is regular monitoring of the use of credit limits.

Prosegur has formal procedures for detecting objective evidence of impairment on trade receivables. As a result of the same, it identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. The impairment of accounts receivable as of 31 December 2016 amounts to EUR 75,593 thousand (in 2015: EUR 58,596 thousand) (Note 19) and the client balances not included in this provision at year end have sufficient credit quality, so the credit risk for these accounts receivable is considered covered by this provision.

In Spain, the Collections Department manages an approximate monthly volume of 8,323 clients with a monthly average turnover of EUR 10,183 per client. The payment instrument most used by clients is the bank transfer which represents 86% while the remaining 14% is represented by notes (cheques, promissory notes, direct debits, etc.).

The following table indicates the percentage of total Prosegur turnover represented by the 8 main clients:

	2016	2015
Counterparty		
Client 1	4.31%	4.28%
Client 2	3.53%	3.66%
Client 3	2.82%	2.86%
Client 4	2.28%	2.34%
Client 5	2.21%	1.87%
Client 6	1.66%	1.74%
Client 7	1.22%	1.13%
Client 8	1.14%	1.10%

As explained in Note 19, as of 31 December 2016 Prosegur does not have a factoring contract.

All financial assets contracted in 2016 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

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

Management monitors Prosegur's liquidity reserves which comprise credit available for drawdown (Note 24) and cash and cash equivalents (Note 21), and are forecast based on expected cash flows.

Prosegur's liquidity position for 2016 is based on the following points:

- Cash and cash equivalents of EUR 824,634 thousand as of 31 December 2016 (in 2015: EUR 316,434 thousand).
- EUR 589,716 thousand available in undrawn credit facilities as of 31 December 2016 (in 2015: EUR 653,365 thousand).
- The cash flow from operating activities in 2016 amounted to EUR 268,088 thousand (in 2015: EUR 298.695 thousand).

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

Thousands of euros							
	Carrying amount	2016					
		Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Debentures and other marketable securities	509,195	527,500	13,750	—	513,750	—	—
Loans and borrowings	816,218	962,825	172,153	6,998	76,185	707,489	—
Finance lease payables	23,905	28,794	6,495	4,601	7,033	8,430	2,236
Credit accounts	187,713	190,385	137,480	2,904	—	50,000	—
Other payables	44,949	52,825	32,111	2,751	5,565	8,239	4,158
Suppliers and other payables	587,776	587,776	587,776	—	—	—	—
	2,169,756	2,350,104	949,765	17,254	602,533	774,158	6,394

Thousands of euros							
	Carrying amount	2016					
		Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Debentures and other marketable securities	508,328	541,250	13,750	—	13,750	513,750	—
Loans and borrowings	199,273	212,972	39,986	136,349	17,437	18,776	424
Finance lease payables	20,322	23,275	5,047	3,980	6,272	6,576	1,400
Credit accounts	168,876	171,858	108,332	13,526	—	50,000	—
Other payables	58,741	68,525	30,803	6,790	26,845	3,878	209
Suppliers and other payables	525,893	525,893	525,893	—	—	—	—
	1,481,433	1,543,773	723,811	160,645	64,304	592,980	2,033

Finally, systematic forecasts are prepared for cash generation and requirements. They are used to determine and monitor Prosegur's liquidity position on an ongoing basis.

Cash flow and fair value interest rate risks

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities maintained in its financial statement.

The exposure of Prosegur's financial liabilities (excluding the Other payables) on the contract dates on which their prices are reviewed is as follows:

Thousands of euros	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
As of 31 December 2016					
Total financial liabilities (fixed rate)	142,085	4,998	507,725	288	655,096
Total financial liabilities (variable rate)	175,960	3,658	700,525	1,787	881,930
	318,045	8,656	1,208,250	2,075	1,537,026
As of 31 December 2015					
Total financial liabilities (fixed rate)	21,697	5,735	514,578	272	542,282
Total financial liabilities (variable rate)	135,364	143,329	74,434	1,390	354,517
	157,061	149,064	589,012	1,662	896,799

Prosegur analyses its interest rate risk exposure dynamically. In 2016, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros, Brazilian Reals and Australian Dollars.

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

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

Thousands of euros			
As of 31 December 2016			
	Total debt	Hedged debt	Debt exposure
Europe & Asia-Pacific	1,489,841	656,876	832,965
LatAm	92,139	17,147	74,992
	1,581,980	674,023	907,957
As of 31 December 2015			
	Total debt	Hedged debt	Debt exposure
Europe & Asia-Pacific	819,487	519,853	299,634
LatAm	136,053	22,429	113,624
	955,540	542,282	413,258

In relation to the debt covered as of 31 December 2016, EUR 509,195 thousand correspond to the simple bond (Note 24) (EUR 508,328 thousand as of 31 December 2015). In addition, there are credit accounts, lease payables and loans with financial institutions at a fixed interest rate in Spain, Chile, Germany, Peru, Brazil and Singapore.

As of 31 December 2016, if the interest rate of the bank loans and borrowings were basically 100 basic points greater, keeping the other variables constant, the profit and loss after taxes of the period would have been EUR 4,444 thousand less (in 2015: EUR 2,632 thousand less), mainly as a result of a greater cost due to variable interest rates on loans.

32.2. Capital risk management

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

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

Like other groups in the sector, Prosegur controls its capital structure on a gearing ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the balance sheet. Total capital is the sum of equity plus net financial debt, as presented in the balance sheet.

The gearing ratio is calculated as follows:

Thousands of euros	2016	2015
Financial liabilities (Note 24)	1,581,980	955,540
Less: other non-bank payables (Note 24)	(44,949)	(58,741)
Less: cash and cash equivalents (note 21)	(824,634)	(316,434)
Less: Other current financial assets (Note 20)	—	(739)
Net financial debt	712,397	579,626
Equity	751,500	699,626
Total capital	1,463,897	1,279,252
Gearing ratio	48,66%	45,31%
Net financial debt/equity ratio	94,80%	82,85%

The variation of the net financial debt to equity ratio has mainly increased by the distribution of an extraordinary cash dividend in the amount of 61,874 thousand euros and by the formalization of the loan to finance the subscription of shares representing 33.33% of the Capital stock of the South African

company SBV Services Proprietary Limited amounting to 272,000 thousand South African Rands (equivalent to 18,814 thousand euros at 31 December 2016).

32.3. Financial instruments and fair value

Classification and fair value

The carrying amounts and fair values of financial instruments, classified by category, are as follows, including the levels of fair value. If the fair values of financial assets and liabilities not measured at fair value are not included, it is because Prosegur believes that these are close to their carrying amounts owing, to a large extent, to the short-term maturities of these instruments.

31 December 2016

Thousands of euros									
	Carrying amount					Fair value			
	Available-for sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value									
Investments and other assets	–	–	–	–	–	–	–	–	–
	–	–	–	–	–				
Financial assets not measured at fair value									
Deposits and guarantees	–	3,493	–	–	3,493				
Deposits	–	6,108	–	–	6,108				
Trade and other receivables	–	842,830	–	–	842,830				
Cash and cash equivalents	–	824,634	–	–	824,634				
	–	1,677,065	–	–	1,677,065				
Financial liabilities recognised at fair value									
Contingent payments	–	–	(253)	–	(253)	–	–	(253)	(253)
	–	–	(253)	–	(253)				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	–	–	–	(509,195)	(509,195)	518,710	–	–	518,710
Financial liabilities from financial institutions	–	–	–	(1,027,830)	(1,027,830)	–	1,025,974	–	1,025,974
Other financial liabilities	–	–	–	(44,696)	(44,696)	–	(44,696)	–	(44,696)
Suppliers and other payables	–	–	–	(587,776)	(587,776)				
	–	–	–	(2,169,497)	(2,169,497)				

31 December 2015

Thousands of euros									
	Carrying amount					Fair value			
	Available-for sale financial assets	Loans and receiving	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
Financial assets recognised at fair value									
Investments and other assets	—	—	—	—	—	—	—	—	—
	—	—	—	—	—				
Financial assets not measured at fair value									
Deposits and guarantees	—	3,564	—	—	3,564				
Deposits	—	5,499	—	—	5,499				
Trade and other receivables	—	752,421	—	—	752,421				
Cash and cash equivalents	—	316,434	—	—	316,434				
	—	1,077,918	—	—	1,077,918				
Financial liabilities recognised at fair value									
Contingent payments	—	—	(142)	—	(142)	—	—	(142)	(142)
	—	—	(142)	—	(142)				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	—	—	—	(508,328)	(508,328)	(527,946)	—	—	(527,946)
Financial liabilities from financial institutions	—	—	—	(388,471)	(388,471)	—	(388,970)	—	(388,970)
Other financial liabilities	—	—	—	(58,597)	(58,597)	—	(58,597)	—	(58,597)
Suppliers and other payables	—	—	—	(525,893)	(525,893)				
	—	—	—	(1,481,289)	(1,481,289)				

Measurement bases and variables used for financial instruments measured at fair value:

The following are the measurement values used to determine Level 2 and 3 fair values in 2016, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input and sensitivity analyses:

Type	Measurement bases	(Unobservable) variables employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Contingent payments	<p><i>Discounted cash flows:</i></p> <p>The measurement model considers the present value of the net cash flows to be generated by the business.</p> <p>The expected cash flows are determined considering the scenarios that may be exercised by Gross Margin forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.</p>	<ul style="list-style-type: none"> – EBIT – Gross Profit 	<ul style="list-style-type: none"> – The estimated fair value would increase (fall) according to the value of EBIT. – The estimated fair value would increase (fall) depending on the value of the gross result. 	<ul style="list-style-type: none"> – If the estimated EBIT were located at 5% of the agreed scenario, the value of contingent payments in 2016 would have been EUR 0 thousand; if it were between 5% and 50%, the value of contingent payments would have been EUR 55 thousand and, if it were above 50%, contingent payments would have been EUR 137 thousand. – In the case of a 10% decrease in EBIT, a maximum estimated decrease of 116 thousand euros could be determined.

Measurement bases for financial instruments not measured at fair value:

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

Transfer of assets and liabilities amongst the various levels

During the reporting period ending on 31 December 2016, there were no transfers of assets and liabilities amongst the various levels.

33. Other information

The average headcount of Prosegur is as follows:

	2016	2015
Operations personnel	157,693	150,549
Other	9,440	8,659
	167,133	159,208

The average headcount of operations personnel employed by proportionately consolidated subsidiaries in 2016, using the equity method, is 17,047 employees (in 2015: 10,313 employees).

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

	2016	2015
Operations personnel	170	248
Indirect Staff	50	77
	220	325

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

	2016		2015	
	Male	Female	Male	Female
Operations personnel	135,343	23,269	131,684	22,194
Other	6,189	3,319	4,865	3,079
	141,532	26,588	136,549	25,273

The distribution by gender of the Board of Directors and senior management personnel of Prosegur is as follows:

	2016		2015	
	Male	Female	Male	Female
Board of Directors	6	2	6	3
Senior Management	11	1	11	1
	17	3	17	4

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

Thousands of euros	2016	2015
KPMG Auditores, S.L., audit services	1,314	649
KPMG Auditores, S.L., Other assurance services	118	20
KPMG Auditores, S.L., other services	—	—
	1,432	669

The amounts included in the above table include the total fees for services provided in 2015 and 2016, irrespective of the date of invoice.

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

Thousands of euros	2016	2015
Audit services	1,574	1,476
Other assurance services	178	177
Tax advisory services	433	140
Other services	1,138	306
	3,323	2,099

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

Thousands of euros	2016	2015
Audit services	31	29
	31	29

34. Events after the reporting date

No significant subsequent events have incurred from the year end date to the issue of the consolidated annual accounts.

35. Summary of the main accounting policies

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

35.1. Accounting standards

a) Standards effective on or after 1 January 2016

The annual accounts for 2016 were prepared using the same accounting principles as for 2015, except for the following standards and modifications adopted by the European Union and of mandatory application on or after 1 January 2016:

- Modifications 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 employed, being able to recognise such contributions as a reduction in the cost of the service in the fiscal year in which they are made instead of distributing contributions throughout the years of service. Effective for annual periods beginning on or after 1 February 2015.
- Annual improvements to the IFRS of the 2010-2012 cycle - They modify the following standards:
 - FRS2 - *Share-based Payment*, definition of the irrevocability conditions;
 - IFRS 3 - *Business Combinations*, calculation after the determined payment;
 - IFRS 8 - *Operating Segments*, aggregation criteria used by Management;
 - IFRS 13 - *Fair Value Measurement*, measurement of the current accounts receivable and payable;
 - IAS 16 and IAS 38: *Property, Plant and Equipment and Intangible Assets*, applicable methods for recognising revaluations;
 - IAS 24 - *Transactions with Related Parties*, Information that must be provided on outsourcing management services.

Effective for annual periods beginning on or after 1 February 2015.

- Modifications to IFRS 11 - *Accounting for Acquisitions of Interests in Joint Operations*. The accounting of business combinations also applies to the acquisition of additional holdings in a joint operation whenever the joint operator maintains joint control. The additional acquired holding will be measured at its fair value and the previously maintained holdings in the joint operation will not be measured again. Effective for annual periods beginning on or after 1 January 2016.
- Modifications to IAS 16 and IAS 38: Clarification of acceptable amortisation methods. The modifications to IAS 38 - *Intangible assets* introduce a rebuttable assumption that the use of amortisation methods based on the ordinary revenue in intangible assets is inappropriate and can only be avoided when the ordinary revenue and consumption of the economic profits of the intangible asset are significantly correlated, or when the intangible asset is expressed as a measure of the ordinary revenue. The modifications to IAS 16 - *Property, Plant and Equipment* explicitly state that amortisation

methods cannot be used for ordinary revenue. Effective for annual periods beginning on or after 1 January 2016.

- Annual improvements to the IFRSs of the 2012-2014 cycle. The following standards were modified:
 - IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, measurement and recognition of reclassifications of non-current assets held for sale or distribution;
 - IFRS 7 - *Financial Instruments*, disclosures on continuing involvement;
 - IAS 19 - *Employee Benefits*, the kind of discount and currency to use for high-quality company bonds;
 - IAS 34 - *Interim Financial Reporting*, the use of cross references between the interim management reports and the management reports.

Effective for annual periods beginning on or after 1 January 2016.

- Modification to IAS 27 (Equity Method in Separate Financial Statements). This modification is used to apply the equity method to individual financial statements of the investor. Effective for annual periods beginning on or after 1 January 2016.
- Modifications to IAS 1 (Disclosure Initiative). This affects the materiality. There is no obligation to present specific, unique disclosures that are not material even if they are a minimum requirement of a standard. Effective for annual periods beginning on or after 1 January 2016.
- Modifications to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exemption.

Effective for annual periods beginning on or after 1 January 2016.

The adoption of these modifications has not had any significant impact on Prosegur's consolidated annual accounts.

b) Standards and interpretations issued, approved by the European Union, but not effective on or after 1 January 2016 and which Prosegur expects to adopt as of 1 January 2017 or later (none were adopted in advance):

Standards and interpretations issued, approved by the European Union, but which did not enter into effect on 1 January 2016 and which the Group expects to adopt as of 1 January 2017 or later (none were adopted in advance):

- IFRS 15 - *Revenue from Contracts with Clients*. New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31). Effective for annual periods beginning on or after 1 January 2018.
- IFRS 9 - *Financial Instruments* and subsequent modifications. This standard replaces the requirements for classification, measurement, recognition and derecognition of financial assets and liabilities, accounting for hedging and impairment as provided for in IAS 39. Effective for annual periods beginning on or after 1 January 2018.

Based on the analyses carried out until now, Prosegur Management estimates that applying most of these standards and amendments will not significantly affect the financial statements. However, Prosegur is currently analysing the impact of applying IFRS 15 even though it does not expect significant impacts on any of the different revenue types in each of its business lines/segments (not even between the different performance obligations of the Alarms activity). Furthermore, the changes introduced by IFRS 9 will affect the financial assets and transactions involving them which are made on or after 1 January 2018.

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

- Modifications to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. This modification clarifies that unrealised losses on debt instruments measured at fair value (financial instruments available for sale), whose tax base is the cost of acquisition, give rise to a temporary deductible difference regardless of whether the holder of the debt instrument expects to recover its carrying amount by sale or through use. Effective for annual periods beginning on or after 1 January 2017.
- Modifications to IAS 7: Disclosure Initiative. This modification adds requirements related to the disclosure of financing activities on the statement of cash flows. Mandatory application is planned for annual periods beginning on or after 1 January 2017.
- Modifications to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Clarification of the accounting of specific kinds of transactions with share-based payments. Effective for annual periods beginning on or after 1 January 2018.
- Modifications to IFRS 4: Applying IFRS 9 - *Financial Instruments* with IFRS 4 - *Insurance Contracts*. It gives entities who issue insurance contracts within the scope of IFRS 4 two options: focus on overlay and focus on deferral. Effective for annual periods beginning on or after 1 January 2018.
- Annual improvements to the IFRSs of the 2014-2016 cycle. They modify the following standards:
 - IFRS 1 - *First-time Adoption of International Financial Reporting Standards*;
 - IFRS 12 - *Disclosure of Interests in Other Entities*;
 - IAS 28 - *Investments in Associates and Joint Ventures*;

Effective for annual periods beginning on or after 1 January 2018 / 1 January 2017 (for IFRS 12).

- Interpretation of IFRIC 22 - Foreign Currency Transactions and Advance Consideration. This covers the exchange rate to be used in transactions with advance consideration paid or received in foreign currency. Effective for annual periods beginning on or after 1 January 2018.
- Modifications to IAS 40: Transfers of Investment Property. These modifications clarify the requirements for the transfer to or from investment property. Effective for annual periods beginning on or after 1 January 2018.
- IFRS 16 - *Leases* The new standard on leases which replaces IAS 17. Effective for annual periods beginning on or after 1 January 2019.
- IFRS 14 - *Regulatory Deferral Accounts*: The European Union decided not to start the process for approving this interim standard and to wait for the final standard.
- Modifications to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. Clarification of the profits or losses that should be recognised in these

transactions depending on if they involve businesses or assets. No date is set for the application of these modifications in the European Union.

Regarding IFRS 16, it establishes that the companies must recognise the assets and liabilities arising from all leases (except for short-term leases and leases whose object is low-value assets) on the statement of financial position. Prosegur mainly has contracts signed for transferring the right to use specific assets to third parties (lessor). As a result, a significant impact due to applying this standard to Prosegur's financial statements is not expected.

On the date of preparation of these consolidated annual accounts, Prosegur Management is assessing the impact applying the other standards and modifications will have on the consolidated annual accounts.

35.2. Consolidation principles

Subsidiaries

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

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control until the date that control ceases.

The transactions and balances held with Group companies and the unrealised gain or loss have been removed from the consolidation process. However, unrealised loss has been considered as an indicator of impairment on transferred assets.

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

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

Business Combinations

Prosegur applies the acquisition method for business combinations. The acquisition date is the date on which Prosegur obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments

issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

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

On the date of acquisition Prosegur recognises the acquired assets, the liabilities assumed (and any non-controlling interest) at fair value. A non-controlling interest in the acquired business is recognised by the amount pertaining to the percentage share in the fair value of the acquired net assets. This criterion is only applicable to non-controlling interests that grant present access to economic rights and the right to the proportional share of the net assets of the acquired entity in the event of liquidation. Otherwise, the non-controlling interests are valued at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

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

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in profit and loss.

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 30).

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

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

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

Non-controlling interests

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

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

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the parent until the non-controlling interest's share in the previous years' losses is recovered.

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

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence is the power to intervene in financial policy and operating decisions of a company, without there being control or joint control thereof. When assessing whether an entity has significant influence, the existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered, as well as the potential voting rights held by the Prosegur or by another entity.

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

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

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

Impairment

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

Calculation of impairment is determined as the result of the comparison between the carrying amount associated with the net investment in the associate with its recoverable value, the latter being understood as the greater value between the value in use or fair value minus costs of sale or disposal via any other channel. In this regard, value in use is calculated on the basis of the share of Prosegur in the current value of estimated cash flows from ordinary activities and amounts which might result from the final sale of the associate.

The recoverable amount of the investment of an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 35.9).

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

Joint arrangements

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

Joint ventures

Investments in joint ventures are recognised by applying the equity method. This method involves including the value of the net assets and goodwill in the consolidated balance sheet line "Investments accounted for using the equity method" if it exists, corresponding to the share held in the joint venture. The net result obtained each year, corresponding to the percentage of shareholding in the joint ventures is reflected in the consolidated profit and loss accounts as "Share in profit/loss for the year of investments accounted for using the equity method". Prosegur decides to submit these results as part of its operating results as it considers that the results of its joint ventures form part of its operations.

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

Joint Operations

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

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

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

The acquisition by Prosegur of the initial and subsequent interest in a joint operation, is recognised applying the criteria applied for business combinations, by the percentage share held in the individual assets and liabilities. However, in the subsequent acquisition of an additional share of a joint operation, the previous share in individual assets and liabilities are not subject to revaluation.

35.3. Consolidated functional profit and loss account

Prosegur chooses to submit the costs recognised in the profit and loss account using a classification based on the function of the same within the entity as it considers that this method provides users with more relevant information than the classification of costs by nature.

35.4. Segment reporting

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

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

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

35.5. Foreign currency transactions

Functional and presentation currency

The consolidated annual accounts of each Prosegur entity are presented in the currency of the main economic environment in which it operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of euros (unless stated otherwise), the Parent's functional and presentation currency.

Balances and transactions

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

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

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

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

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

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

Translation of foreign operations

Prosegur applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyper-inflationary economy have been translated into euros as follows:

- i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate on the reporting date;
- ii. Income and expenses are translated at the average monthly exchange rate;
- iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

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

35.6. Property, plant and equipment

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

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

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

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

	Ratio (%)
Buildings	2 and 3
Technical installations and machinery	10 to 25
Other installations and tools	10 to 30
Furniture	10
Information technology equipment	25
Motor vehicles	10 - 16
Other property, plant and equipment	10 to 25

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

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 35.9).

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

35.7. Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill impairment is verified every year (Note 35.9) posted at cost minus cumulative impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

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

Client portfolios

The relationships with clients that Prosegur recognises under client portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are client service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

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

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

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

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

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

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

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

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

Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimate useful lives (1.6 to 30 years).

Computer software

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

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

35.8. Investment property

Prosegur classifies as property investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur or sale in the ordinary course of business. Investment property is initially recognised at cost, including transaction costs. As of 31 December 2016, Prosegur classified investment property as non-current assets held for sale.

Prosegur measures investment property subsequent to initial recognition by applying the criteria of cost or attributed cost used for property, plant and equipment. The amortisation methods are those contained in that section. The estimate useful life of real estate investments is of 50 years.

35.9. Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss. The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

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

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

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

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

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

Impairment losses on goodwill are not reversible.

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

35.10. Financial assets

Classification

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial asset in IAS 32 "Financial Instruments: Presentation".

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, separating those initially designated from those held for trading, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial instruments are classified into different categories based on the nature of the instruments and Prosegur's intentions on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (Note 35.12).

Available-for-sale financial assets

In this category, Prosegur classifies values representing debt and equity instruments of other companies that have not been classified in any other category of financial asset.

Recognition, measurement and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the date on which Prosegur commits to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are

derecognised when they expire or the contractual rights to the cash flows from the investment have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently recognised at fair value.

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

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

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. In the case of equity securities classified as available for sale, to determine whether they are impaired Prosegur considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

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

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

To the contrary, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the payment received, in transfers of financial assets where the risk and benefits inherent to ownership of the same was substantially retained, such as draft discounting or recourse factoring where the transferring company retains subordinate financing or other types of guarantees that substantially absorb all expected losses.

35.11. Inventory

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

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

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

35.12. Trade receivables

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

35.13. Cash and cash equivalents

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

35.14. Share capital

Ordinary shares are classed as equity.

When any Prosegur entity acquires shares in the Company (own shares), the consideration paid, including any incremental costs that are directly attributable to the acquisition (net of income tax), is subtracted from equity attributable to shareholders of the Company until cancellation or disposal. When these shares are sold, the consideration received, net of any incremental costs directly attributable to the sale and the corresponding income tax effect, is recognised in equity attributable to shareholders of the Company.

35.15. Provisions

Provisions for restructuring and litigation are recognised when:

- i. Prosegur has a present obligation (legal or constructive) as a result of a past event.
- ii. It is more probable than not that an outflow of resources will be required to settle the obligation.
- iii. A reliable estimate has been made of the amount of the obligation.

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

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 23).

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

35.16. Financial liabilities

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial liability in IAS 32 Financial Instruments: Presentation.

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

Liabilities are classified as current unless Prosegur has an unconditional right to defer settlement for at least twelve months after the reporting date.

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

35.17. Current and deferred tax

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

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

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

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

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

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

Deferred tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

Prosegur recognises the conversion of a deferred tax asset into Public Administration receivables when it is payable pursuant to the provisions of tax legislation in force. Likewise, Prosegur recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

35.18. Employee benefits

Offsetting based on Prosegur share listing – 2014 Plan

At the General Meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur. The 2014 Plan is essentially linked to value creation during the 2012-2014 period and originally set out the payment of Company share-based and/or cash incentives to the Managing Director and Senior Management of the Company. The maximum number of shares earmarked for the 2014 Plan amounted to 4,120,000, representing 0.668% of the Company's current share capital. In 2016, payments corresponding to this Plan were paid, taking as a reference the listing of Prosegur's shares at the time of the payment, thereby replacing the original share settlement method planned. As a result, in 2016, EUR 1,438 thousand was transferred to short-term provisions from other equity instruments the previous year.

The 2014 Plan is a multi-annual bonus payable at a rate of 50% cash and 50% based on the listing of parent company shares.

The 2014 Plan lasts 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 1 January 2012 until 31 December 2014 and length of service from 1 January 2012 until 31 December 2016. The measurement dates of the 2014 Plan are the following:

Final measurement date: 31 December 2014

Length-of-service bonus date: 2017

In 2016, EUR 988 thousand were used for the settlement of the first part of the 2014 Plan (Note 23). The amount was finally paid based on the listing value of the share at the time of the payment.

Offsetting based on Prosegur share listing – 2017 Plan

At the General Shareholders' Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of Long-term Incentives for the Managing Director and Senior Management of Prosegur. The 2017 Plan is essentially linked to value creation during the 2015-2017 period and sets out the payment of incentives pegged to the listing value of shares and/or cash incentives to the Managing Director and Senior Management of the Company.

For the purposes of determining the cash value of each share that the beneficiary is entitled to, the average listing for Prosegur shares on the Madrid Stock Exchange for the past fifteen trading sessions in the month before the one when the shares are delivered will be taken as a benchmark.

The quantification of the total incentive will depend on the degree to which the objectives have been achieved that were established in line with the strategic plan.

The 2017 Plan lasts 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 1 January 2015 until 31 December 2017 and length of service from 1 January 2015 until 31 December 2019. Entitlement to incentives is assessed on the following dates:

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

The 2017 Plan is a multi-annual bonus payable at a rate of 50% cash and 50% based on the listing of parent company shares.

With regard to the 2014 and 2017 long-term incentive plans for the Managing Director and Senior Management of Prosegur (Note 5.1), the expense accrued during 2016, for the amount of EUR 4,260 thousand, was included under the salaries and wages heading (Note 23).

The fair value of incentives pegged to the share's listed price was estimated based on the listed price of Prosegur shares (EUR 5.9 per share) at the end of the period or at the time of the payment.

Termination benefits

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

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

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

If Prosegur expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

Short-term employee remuneration

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

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

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

Profit-sharing plans and bonuses

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

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

Remuneration of executives

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the reporting period, provision has been made for these plans based on Prosegur management's best possible estimate of the extent to which targets will be met.

Defined benefit plans

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

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

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

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

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

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

The present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit Method. The discount rate of the net asset of liability for defined benefits is

calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

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

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

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

35.19. Revenue recognition

Ordinary revenues include the fair value for the sale of goods and services, net of value added tax, discounts and returns and after eliminating intra-Prosegur sales. Prosegur recognises revenues when the amount can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of Prosegur's activities.

Ordinary revenue is recognised on an accruals basis applying the following criteria:

- a) Sales of goods, mainly security installations and home alarm systems, are recognised when the product has been delivered to, and accepted by, the client. These revenues are measured at the fair value of the corresponding receivable.
- b) Sales of active manned guarding, cash in transit and cash management services are recognised in the reporting period in which the services are provided, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
- c) Revenues from the home alarm system activity are recognised in the reporting period in which the services are provided, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount. In some alarm monitoring contracts, the client does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered.
- d) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective

- interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.
- e) Dividends received are recognised when the right to receive payment is established.

35.20. Leases

When a Prosegur entity is the lessee

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

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

When a Prosegur entity is the lessor

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

35.21. Borrowing costs

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

35.22. Construction contracts

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred for which recovery is probable.

When the outcome of a construction contract can be estimated reliably and the contract is likely to yield a profit, contract revenue is recognised over the duration of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Prosegur uses the stage of completion method to calculate the amount to be recognised in a certain period. The stage of completion is determined by calculating the percentage of estimated total contract costs represented by costs incurred at the reporting date. Costs incurred during the year in relation with future contract activity are excluded from the contract costs used to determine the stage of completion. These costs are recognised as inventories, prepayments or other assets, depending on their nature.

Prosegur recognises the gross receivable from clients in relation to work on all contracts in force when the costs incurred plus recognised profit (or less recognised losses) exceed the portion invoiced to date. Progress billings outstanding and retention payments are recognised under trade and other receivables.

Prosegur recognises the gross amount payable to clients in relation to work on all current contracts when the progress billings exceed the costs incurred plus recognised profit (or less recognised losses).

35.23. Non-current assets held for sale

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

35.24. Distribution of dividends

Dividends distributed to Prosegur's shareholders are recognised as a liability in the consolidated annual accounts in the year in which the dividends are approved by the shareholders.

35.25. Environment

The costs of armoured vehicles compliant with the Euro V standard on non-polluting emissions were recognised with the highest value of the equipment. At the 2016 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

35.26. Consolidated cash flow statement

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

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

35.27. Alternative Performance Measures (APMs)

To comply with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While Prosegur presents its results in accordance with generally accepted accounting principles (IFRS), Management believes that certain APMs provide useful additional financial information that should also be taken into account when assessing the company's performance. Management also relies on these APMs when making financial, operational and planning decisions, and when assessing its performance. Prosegur provides those APMs deemed relevant and useful for users to make decisions and it is convinced that these help provide a true and fair view of its financial information.

APM	Definition and calculation	Use
Working capital (Note 11)	It is a financial metric which represents operating liquidity available to the Group.	Positive working capital is required to ensure that the Group is able to continue its operations and that it has sufficient funds to satisfy both maturing short-term debt and upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash.
CAPEX (Note 11)	Capex (Capital Expenditure) is the expense that the Group makes in capital goods and that generates profits for a company, either through the acquisition of new fixed assets, or through an increase in the value to the existing fixed assets. The CAPEX includes both property, plant and equipment and computer applications (intangible assets) additions.	The CAPEX is an important indicator of the life cycle in which the Group is at a given time. When a company grows rapidly, CAPEX will be higher than depreciations of fixed assets, indicating that the value of capital goods is increasing rapidly. Conversely, when the CAPEX is similar to depreciation or even lower, it is a clear sign that the company is being de-capitalized, and may be a symptom of a clear decline of the company.

APM	Definition and calculation	Use
Consolidated profit before net income/ (costs) and income taxes (EBIT) (Note 9)	EBIT is calculated based on the operating result of the Group, excluding interest or taxes expenses.	EBIT provides an analysis of the operating results excluding interests and taxes. This variable does not take into account the tax weight that can vary among countries and the impact of financial income and costs.
Consolidated earnings before interest, taxes and amortization (EBITA)	EBITA is calculated based on the operating result of the Group, excluding amortization of goodwill and amortization of intangible assets except computer software as well as interest and taxes expenses.	EBITA gives an analysis of the earnings before interest, tax and amortization.
Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) (Note 9, 11)	EBITDA is calculated using the Group's net earnings, before the deduction of interest expenses, taxes, depreciation and amortization.	It is a key indicator of the Group's performance focusing only in its own business. EBITDA excludes all non-cash variables which can vary substantially from company to company depending on accounting policies applied. Amortization is a non-monetary variable and therefore of limited interest to stakeholders.

Appendix I

Consolidated subsidiaries

Information as of 31 December 2016

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal	Shareholding Company			
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Compañía Ridur, S.A.	Pajaritos, 24 (MADRID)	100	Juncadella Prosegur International, S.A.	a	8	B
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos International S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International Alarmas S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Centro Informático de Servicios de Vigo S.A.	Ru Tomas a Alonso,5 Vigo - España	100	Prosegur BPO España SLU	a	7	B
MIV Gestión, S.A.		100	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	B
Indiseg Evuliom Group				a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (MADRID)	51	Prosegur Cia de Seguridad, S.A.	a	1	A
		49	Prosegur Assets Management, S.L.			
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur BPO España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	7	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	5	Prosegur Global CIT SLU	a	5	A
		95	Prosegur Intenational Handels GmbH			
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68.79	Armor Acquisition SA	a	5	A
		31.21	Prosegur Intenational Handels GmbH			
Prosegur International CIT 1, S.L.	Pajaritos 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH (ex Prosegur GmbH)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Investments Verwaltungs GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos, S.L.U.	a	8	B
Prosegur Investments GmbH & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos SLU	a	8	B
		0	Prosegur Investments Verwaltungs GmbH			
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	8	B
		0	Prosegur Berlin SLU			
Prosegur France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95	Prosegur Gestión de Activos SLU	a	7	B
		5	Prosegur Gestion de Activos International SL			
GRP Holding S.A.R.L.	177 Rue de Luxembourg, L - 8055 Bertrange	100	Luxpai Holdo SARL	a	5	B
Prosegur Security Luxembourg S.A.R.L.	177 Rue de Luxembourg, L - 8077 Bertrange	100	GRP Holding SARL	a	1	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruries - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Participations, S.A.S.	a	2	A

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur France SAS	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	7	B
Prosegur Centre EURL	88 Ave Du Général Frère - 69008 Lyon	100	Prosegur France SAS	a	1	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitement de Valeurs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Participations, S.A.S.	a	2	B
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U.	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Av. Monterey, L-2163 Luxemburg	100	Luxpai CIT SARL	a	7	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	8	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Distribucao e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Produtos e Servicios Unipessoal LDA.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global CIT, S.L.U.	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	7	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur USAP International, S.L.U.	a	7	B
Rosegur Cash Services, S.A.	Bulev. Ghica Tel. Nr. 64-70. Sector 2.Cod 023708 Bucuresti. Romania	51	Prosegur Cia de Seguridad, S.A.	a	2	B
		49	Rosegur, S.A.			
Transportadora de Caudales de Juncadella S.A.	2835 Tres Arroyos Buenos Aires	94.99	Juncadella Prosegur Internacional S.A.			
		5.00	Armor Acquisition SA	a	2	A
		0.01	Prosegur Holding CIT ARG, S.A.			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Seguridad, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Prosegur Argentina Holding, S.A.	2835 Tres Arroyos Buenos Aires	56.21	Prosegur Global SIS, S.L.U.	a	5	A
		43.79	Prosegur International SIS SLU			
Prosegur Inversiones Argentina, S.A.	2835 Tres Arroyos Buenos Aires	56.56	Prosegur Global SIS, S.L.U.	a	5	A
		43.44	Prosegur International SIS SLU			
Prosegur Holding CIT ARG, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Global CIT, S.L.U	a	5	B
		5	Prosegur International CIT 1, S.L.			
Prosegur Sistemas Integrales de Seguridad, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	B
		5	Prosegur Argentina Holding S.A.			
Prosegur Seguridad y Vigilancia, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	B
		5	Prosegur Argentina Holding S.A.			
Prosegur Gestion de Activos, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Gestion de Activos, S.L.U.	a	7	B
		5	Prosegur Gestion de Activos International, S.L.U.			
Prosegur Vigilancia Activa, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Servicios Auxiliares Petroleros, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Xiden, S.A.C.I.	2835 Tres Arroyos Buenos Aires	7.86	Prosegur International SIS, S.L.U	a	1	A
		92.14	Prosegur Global SIS, S.L.U.			
Prosegur Tecnología Argentina, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Global SIS, S.L.U.	a	1	A
		5	Prosegur International SIS, S.L.U			
General Industries Argentina, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Global SIS, S.L.U.	a	1	A
		10	Prosegur International SIS, S.L.U			
Tellex, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Global SIS, S.L.U.	a	1	A
		5	Prosegur International SIS, S.L.U			
Prosegur Holding, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	2835 Tres Arroyos Buenos Aires	90	Prosegur Holding, S.A.	a	3	A
		10	Prosegur Inversiones, SA			
Prosegur, S.A.	2835 Tres Arroyos Buenos Aires	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires	95	Transportadora de Caudales de Juncadella SA	a	2	A
		4	Juncadella Prosegur Internacional S.A.			
		1	Prosegur Holding CIT ARG, S.A.			
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95	Prosegur Inversiones Argentina, S.A.	a	1	A
		5	Prosegur Argentina Holding S.A.			
Yasuhiko Empreendimentos e Participacoes, S.A.		100				
TSR Participacoes Societarias S.A.	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP	47.08	Juncadella Prosegur Internacional S.A.	a	5	B
		52.92	Prosegur Global CIT SLU			
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72.4	Prosegur Global SIS SLU	a	1	B
		27.6	Prosegur International SIS SLU			
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99.79	Prosegur Global SIS SLU	a	7	B
		0.21	Prosegur Sistemas de Segurança Ltda			
Prosegur Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda.	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paulo CEP 024-000	95.00	Prosegur Global SIS SLU	a	1	B
		5.00	Prosegur International SIS SLU			
Setha Indústria Eletrônica Ltda.	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro/RJ	95	Prosegur Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda.	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95	Prosegur Global SIS SLU	a	7	B
		5	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	78.07	Prosegur Global CIT SLU	a	2	B
		5.00	Prosegur International CIT 1, SLU			
		6.84	Prosegur International Handels GmbH			
		10.09	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98	Prosegur Global CIT SLU	a	2	B
		0.01	Prosegur International Handels GmbH			
		0.01	Juncadella Prosegur Group Andina SA			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Prosegur Global SIS SLU			
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnología Chile Limitada	Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago	99.99	Prosegur Global SIS SLU	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
		0.00	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	95	Prosegur Gestion de Activos, S.L.U.	a	7	B
		5	Prosegur Gestion de Activos International SLU			
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70	Prosegur, S.A.	a	1	B
		30	Prosegur Global SIS SLU			
Prosegur Ciberseguridad, S.A.S.	TV 23 · 95-53 Bogota D.C.	100	Inversiones BIV SAS	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	2	B
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	94.90	Prosegur Global CIT SLU	a	2	A
		5.10	Prosegur International CIT 1, SLU			
		0.00	Prosegur Cash, S.A.			
		0.00	Prosegur Servicios de Efectivo España SLU			
		0.00	Prosegur Global CIT ROW SLU			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	95	Prosegur Gestion de Activos, SLU	a	7	B
		5	Prosegur Gestion de Activos International SLU			
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales de Juncadella SA			
Soluciones Integrales en Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95	Proseguridad SA	a	1	B
		5	Prosegur International SIS SLU			
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64.89	Prosegur Global SIS SLU	a	1	B
		35.11	Prosegur International SIS SLU			
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99	Prosegur Cia de Seguridad, S.A.	a	1	B
		1	Prosegur Global Alarmas SLU			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Reguard Security Corp, S.A. (Ex Proseguridad Perú S.A.)	Av. Los Proceres 250 Lima - Santiago de Surco	84.86	Proseguridad SA	a	1	B
		10.14	Inversiones RB, SA			
		5.00	Prosecur Intenational SIS SLU			
Proseguridad Selva SA (Ex)Orus Selva S.A.	Cas. Palmawasi San Martin - Tocache - Uchiza	90	Reguard Security Corp, S.A.	a	1	B
		10	Prosecur International SIS SLU			
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95	Proseguridad SA	a	5	B
		5	Prosecur International SIS SLU			
Prosecur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	22.57	Prosecur Global Alarmas SLU	a	3	B
		77.20	Prosecur International Alarmas SLU			
		0.23	Prosecur Cia de Seguridad, S.A.			
Prosecur Servicios Administrativos. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99	Prosecur Cia de Seguridad, S.A.	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	99	Prosecur Gestion de Activos, SLU	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	85.60	Prosecur Global SIS SLU	a	5	B
		14.40	Prosecur International SIS SLU			
Prosecur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100	Prosecur Mexico S de RL de CV	a	1	A
		0	Prosecur Global SIS SLU			
Prosecur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100	Prosecur Global CIT SLU	a	2	B
		0	Prosecur International CIT 1, SL			
Prosecur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.997	Prosecur Mexico S de RL de CV	a	1	B
		0.003	Prosecur Compañía de Seguridad SA de CV			
Prosecur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.9998	Prosecur Gestion de Activos, SLU	a	7	B
		0.0002	Prosecur Gestion de Activos International SLU			
Prosecur Servicios de Seguridad Privada Electrónica SA de C.V.	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosecur Mexico S de RL de CV	a	2	B
		0.0002	Prosecur Compañía de Seguridad SA de CV			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Custodias, S.A. de C.V.	México State, Tlalnepantla de Baz, Los Reyes Industrial, calle Alfredo Nobel	99.9998	Prosegur Mexico S de RL de CV	a	1	B
		0.0002	Prosegur Compañía de Seguridad SA de CV			
Grupo Mercurio de Transportes SA de C.V.	Federal District, Azcapotzalco, Sector Naval, AV De las Granjas, 76	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnologia SA de C.V.	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosegur Mexico S de RL de CV	a	1	B
		0.0002	Prosegur Compañía de Seguridad SA de CV			
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Federal District, Azcapotzalco, Sector Naval, 79 B calle Norte	80	Prosegur Global CIT SLU	a	7	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Federal District, Azcapotzalco, Sector Naval, 76 AV De las Granjas	50	Prosegur Compañía de Seguridad SA de CV	a	7	B
		50	Prosegur Mexico S de RL de CV			
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Martina, S.A.	Guarani 1531, Montevideo	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Transportadora de Caudales S.A.	Guarani 1531, Montevideo	99.91	Juncadella Prosegur Internacional SA	a	2	B
		0.09	Armor Acquisition SA			
Prosegur Activa Uruguay, S.A.	Guarani 1531, Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michelini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531, Montevideo	99	Prosegur Transportadora de Caudales SA	a	3	B
		1	Prosegur Global CIT SLU			
Genper, S.A.	Guarani 1531, Montevideo	100	Prosegur Global SIS SLU	a	1	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531, Montevideo	90	Prosegur Uruguay BV SA	a	1	A
		10	Prosegur Global SIS SLU			
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michelini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	4	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	7	B
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	7	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Shanghai Meiyu Information Technology Co Ltd.	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	1	B
Shanghai Pitco Information Technology Co Ltd.	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	1	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	1	B
Shanghai Pitco Consulting Management Co Ltd.	Roon 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosecur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Evttec Management Services Pted Ltd.	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Prosec Cash Services Pte Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	8	B
Singpai Alarms Private Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Prosecur Global Alarmas ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosecur Cia de Seguridad, S.A.	a	5	B
Prosecur SIS USA Inc	Florida	100	Prosecur global SIS ROW, SLU	a	8	B
Prosecur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Global CIT ROW, SLU	a	5	B
Prosecur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Holdings PTY Limited	a	5	B
Prosecur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Investments PTY Limited	a	2	A
Prosecur Technology Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Holdings PTY Limited	a	8	B
Prosecur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Gestion de Activos, SLU	a	7	B
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	57	Prosecur Global Alarmas ROW SLU	a	3	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland, Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland, Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd (Ex-SingPai India Private Limited)	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi, 110001 India	99.99	Luxpai Holdo SAR	a	7	B
		0.01	Pitco Asia Pacific Ltd			
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Saultnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59.98	Prosegur Cia de Seguridad, S.A.	a	8	B
		40.02	Esta Service SAS			
Esta Service S.A.S.	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4.8	Prosegur Cia de Seguridad, S.A.	a	8	B
		95.2	Esta Service SAS			
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	4.8	Prosegur Cia de Seguridad, S.A.	a	8	B
		95.2	Esta Service SAS			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Soluciones Integrales de Seguridad España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Prosegur Global Alarmas SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Gestión de Activos International SL	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur International SIS SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur International Alarmas SLU	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones SAU	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Centro Informático de Servicios de Vigo SA	Ru Tomas a Alonso,5 Vigo - España	100	Prosegur BPO España SLU	a	7	B
Prosegur Global SIS SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Berlin SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur BPO España SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Armor Acquisition SA	Pajaritos, 24 (MADRID)	5	Prosegur Cia de Seguridad, S.A.	a	5	A
		95	Prosegur Intenational Handels GmbH			
Juncadella Prosegur Internacional SA	Pajaritos, 24 (MADRID)	68.79	Armor Acquisition SA	a	5	A
		31.21	Prosegur Intenational Handels GmbH			
Prosegur International CIT 1, SL	Pajaritos, 24 (MADRID)	0.03	Prosegur Cia de Seguridad, S.A.	a	5	B
		99.97	Prosegur Global CIT SLU			
Prosegur International CIT 2, SLU	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	8	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	8	B
Prosegur Investments Verwaltungs GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos, S.L.U.	a	8	B
Prosegur Investments GmbH & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos SLU	a	8	B
		0	Prosegur Investments Verwaltungs GmbH			
Prosegur Berlin SL & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	8	B
		0	Prosegur Berlin SLU			
Prosegur France SAS	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur Securite Humaine SAS	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	1	A

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Gestion d'Actifs France SCI	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95	Prosegur Cia de Seguridad, S.A.	a	7	B
		5	Prosegur Gestion de Activos International SL			
Prosegur Securite Nord SAS	28 Rue D'Acueil - 94250 Gentilly	100	Prosegur France SAS	a	1	B
GRP Holding SARL	177 Rue de Luxembourg, L - 8055 Bertrange	100	Luxpai Holdo SARL	a	5	B
Prosegur Security Luxembourg SARL	177 Rue de Luxembourg, L - 8077 Bertrange	100	GRP Holding SARL	a	1	B
Prosegur Securite EST SAS	14 Rue des Serruries - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Securite Rubis SAS	2 Boulevard Général de Gaulle - 94270 Le Kremlin Bicêtre	100	Prosegur France SAS	a	1	B
Prosegur Securite Opale SAS	2 Boulevard Général de Gaulle - 94270 Le Kremlin Bicêtre	100	Prosegur France SAS	a	1	B
Prosegur Accueil et Service SAS	14 Rue des Serruries - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Traitement de Valeurs SASU	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST SAS	2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Logistique de Valeurs Azur SA	a	2	A
Prosegur Technologie SASU	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefonds	100	Prosegur France SAS	a	1	A
Prosegur Formation et Competences, SARL	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	7	B
Prosegur Centre EURL	88 Ave Du Général Frère - 69008 Lyon	100	Prosegur France SAS	a	1	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitement de Valeurs Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence SAS	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Participations, S.A.S.	a	2	B
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Av. Monterey, L-2163 Luxemburg	100	Luxpai Holdo S.A.R.L.	a	7	A
Luxpai CIT SARL	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	8	B
Prosegur Gestao de Activos Imobiliarios SA	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur Distribucao e Servicos, Ltda.	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Produtos e Servicos Unipessoal LDA	Av.Infante Dom Henrique, 326 (LISBON)	100	Prosegur Alarmas España SLU	a	3	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Logística e Tratamento de Valores Portugal Unipessoal Ltda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Alarmes Dissuasão Potugal Unipessoal Ltda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Lda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Global SIS ROW SLU	a	8	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Lda	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Rosegur Cash Services, SA	Bulev. Ghica Tel. Nr. 64-70. Sector 2. Cod 023708 Bucuresti. Romania	51	Prosegur Cia de Seguridad, S.A.	a	2	B
		49	Rosegur, S.A.			
Transportadora de Caudales de Juncadella SA	2835 Tres Arroyos, Buenos Aires	92.15	Juncadella Prosegur Internacional S.A.	a	2	A
		4.85	Armor Acquisition SA			
		2.85	Prosegur Inversiones Argentina S.A.			
		0.15	Prosegur Argentina Holding S.A.			
Prosegur Seguridad, S.A.	2835 Tres Arroyos, Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.05	Prosegur Argentina Holding S.A.			
		0.95	Prosegur Inversiones Argentina, S.A.			
Prosegur Argentina Holding, S.A.	2835 Tres Arroyos, Buenos Aires	95	Juncadella Prosegur Internacional S.A.	a	5	A
		5	Armor Acquisition SA			
Prosegur Inversiones Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	95	Juncadella Prosegur Internacional S.A.	a	5	A
		5	Armor Acquisition SA			
Prosegur Vigilancia Activa, S.A.	2835 Tres Arroyos, Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.05	Prosegur Argentina Holding S.A.			
		0.95	Prosegur Inversiones Argentina, S.A.			
Servicios Auxiliares Petroleros, S.A.	2835 Tres Arroyos, Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.05	Prosegur Argentina Holding S.A.			
		0.95	Prosegur Inversiones Argentina, S.A.			
Xiden, S.A.C.I.	2835 Tres Arroyos, Buenos Aires	7.86	Prosegur Cia de Seguridad, S.A.	a	1	A
		92.14	Juncadella Prosegur Internacional S.A.			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Prosegur Tecnología Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	95	Juncadella Prosegur Internacional S.A.	a	1	A
		5	Prosegur Cia de Seguridad, S.A.			
General Industries Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Cia de Seguridad, S.A.	a	1	A
		10	Juncadella Prosegur Internacional S.A.			
Tellex, S.A.	2835 Tres Arroyos, Buenos Aires	95	Prosegur Cia de Seguridad, S.A.	a	1	A
		5	Armor Acquisition SA			
Prosegur Holding, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Global Alarmas SLU	a	5	A
		10	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	2835 Tres Arroyos, Buenos Aires	90	Prosegur Holding, S.A.	a	3	A
		10	Prosegur Inversiones, SA			
Prosegur, S.A.	2835 Tres Arroyos, Buenos Aires	39.53	Juncadella Prosegur Internacional S.A.	a	1	A
		59.47	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires	95	Transportadora de Caudales de Juncadella SA	a	2	A
		4	Juncadella Prosegur Internacional S.A.			
		1	Prosegur Inversiones Argentina S.A.			
Servin Seguridad, S. A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	94.05	Juncadella Prosegur Internacional S.A.	a	1	A
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
TSR Participacoes Societarias SA	Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo, SP	47.08	Juncadella Prosegur Internacional S.A.	a	5	B
		52.92	Prosegur Global CIT SLU			
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte, MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Segurança Ltda	Guaratã, 667 - Prado - Belo Horizonte, MG	56.2	Prosegur Global SIS SLU	a	1	B
		43.8	Prosegur International SIS SLU			
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte - CEP 88134, 100 Palhoça	99.62	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0.38	Prosegur Sistemas de Segurança Ltda			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Administração de Recebíveis Ltda	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo, SP	99.79	Prosegur Global SIS SLU	a	7	B
		0.21	Prosegur Sistemas de Segurança Ltda			
Prosegur Tecnología en Sistemas de Seguridad Electrónica e Incendios Ltda.	Rua Barao do Brnanal, 1301, Vila Pompeia Sao Paolo CEP 024-000	99.99	Prosegur Cia de Seguridad, S.A.	a	1	B
		0.01	Prosegur Global SIS SLU			
Setha Indústria Eletrônica Ltda.	Rua Alvaro de Macedo, 134 and 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro, RJ	95	Prosegur Tecnología em Sistemas de Segurança Eletrônica e Incendios Ltda..	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes SA	Av. Thomas Edison, 813, 2nd floor, Barra Funda, São Paulo, SP	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda	Av. Thomas Edison, 813, 2nd floor, Barra Funda, São Paulo, SP	99.9	Prosegur Cia de Seguridad, S.A.	a	7	B
		0.1	Prosegur Global SIS SLU			
Prosegur Gestao de Ativos Ltda	Av. Thomas Edison, 813, 2nd floor, Barra Funda, São Paulo, SP	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	78.07	Prosegur Global CIT SLU	a	2	B
		5.00	Prosegur International CIT 1, SLU			
		6.84	Prosegur International Handels GmbH			
		10.09	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.98	Prosegur Cia de Seguridad, S.A.	a	2	B
		0.01	Prosegur International Handels GmbH			
		0.01	Juncadella Prosegur Group Andina SA			
Sociedad de Distribución Canje y Mensajería Ltda.	2548 Los Gobelinos, Renca	48.72	Prosegur Cia de Seguridad, S.A.	a	2	B
		30.56	Juncadella Prosegur Group Andina SA			
		20.72	Prosegur International Handels GmbH			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567, Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Juncadella Prosegur Group Andina SA			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnología Chile Limitada	Avenida Loboza 8395, Mod. 3 Pudahuel, Santiago	99.99	Juncadella Prosegur Group Andina SA	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
		0.00	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009, floor 14, Santiago	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda	Los Gobelinos 2567, Of. 203, Renca, Santiago	99.00	Prosegur Gestion de Activos, S.L.U.	a	7	B
		1.00	Servicios Prosegur Ltda			
Prosegur Chile, S.A.	Los Gobelinos 2567, Of. 203, Renca, Santiago	70	Prosegur, S.A.	a	1	B
		30	Prosegur International Handels GmbH			
Compañía Transportadora de Valores Prosegur de Colombia SA	Avda. De las Américas, 42-25, Bogotá	94.90	Prosegur Cia de Seguridad, S.A.	a	2	A
		5.10	Prosegur Global Alarmas SLU			
		0.00	Prosegur International Alarmas SLU			
		0.00	Formacion Seleccion y Consultoria SA			
0.00	ESC Servicios Generales SLU					
Prosegur Procesos SAS	Avda. De las Américas, 42-25, Bogotá	100	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 No. 8A-65 Building BCH floor 8, Cartagena	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda	Calle 32 No. 8A-65 Building BCH floor 8, Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Servimax Servicios Generales SAS	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Sistemas Electronicos SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales SAS	Calle 32 No. 8A-65 Building BCH floor 8, Cartagena	100	Inversiones BIV SAS	a	7	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prosegur Gestion de Activos de Colombia SAS	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Paraguay SA	Calle Artigas, corner of Concepción Leyes de Chávez, Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Paraguay, SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales de Juncadella SA			
Soluciones Integrales en Seguridad Prosegur Paraguay SA	Avda. Artigas No. 960	99	Juncadella Prosegur Internacional SA	a	1	B
		1	Transportadora de Caudales de Juncadella SA			
Alarmas Prosegur Paraguay SA	Avda. Artigas No. 960	99	Juncadella Prosegur Internacional SA	a	3	B
		1	Transportadora de Caudales de Juncadella SA			
Proservicios SA	Av. Los Proceres 250, Lima, Santiago de Surco	99	Proseguridad SA	a	1	B
		1	Compañía de Seguridad Prosegur SA			
Compañía de Seguridad Prosegur SA	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima, Santiago de Surco	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad SA	Av. Los Proceres 250, Lima, Santiago de Surco	38.04	Juncadella Prosegur Internacional SA	a	1	B
		35.11	Transportadora de Caudales de Juncadella SA			
		26.85	Prosegur Cia de Seguridad, S.A.			
Prosegur Cajeros SA	La Chira, 103, Surco, Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Perú SA	La Chira, 103, Surco, Lima	99	Prosegur Cia de Seguridad, S.A.	a	1	B
		1	Prosegur Global Alarmas SLU			
Proseguridad Perú SA	Av. Los Proceres 250, Lima, Santiago de Surco	84.86	Proseguridad SA	a	1	B
		10.14	Inversiones RB, SA			
		5.00	Compañía de Seguridad Prosegur SA.			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Orus Selva SA	Cas. Palmawasi San Martin, Tocache, Uchiza	90	Proseguridad Perú SA	a	1	B
		10	Prosecur International SIS SLU			
Inversiones RB, SA	Avenida Nicolás Arriola, 780 Urb. Santa Catalina, La Victoria, Lima	95	Proseguridad SA	a	5	B
		5	Prosecur International SIS SLU			
Prosecur Activa Peru, SA	Av. Republica De Panama 3890, Lima, Surquillo	22.57	Prosecur Global Alarmas SLU	a	3	B
		77.20	Prosecur International Alarmas SLU			
		0.23	Prosecur Cia de Seguridad, S.A.			
Prosecur Servicios Administrativos. S.A.	Av. Los Proceres 250, Lima, Santiago de Surco	99	Prosecur Cia de Seguridad, S.A.	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Gestion de Activos, S.A.	Calle La Chira 103, Urbanización Las Gardenias, Santiago de Surco	99	Prosecur Gestion de Activos, SLU	a	7	B
		1	Prosecur Global Alarmas SLU			
Prosecur Mexico S de RL de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY.	85.60	Prosecur Cia de Seguridad, S.A.	a	5	B
		14.40	Prosecur Global Alarmas SLU			
Prosecur Compañía de Seguridad SA de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	100.00	Prosecur Mexico S de RL de CV	a	1	A
		0.00	Prosecur Cia de Seguridad, S.A.			
Prosecur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	55.032	Prosecur Mexico S de RL de CV	a	2	B
		44.968	Prosecur Cia de Seguridad, S.A.			
		0.000	Prosecur Compañía de Seguridad SA de CV			
Prosecur Seguridad Privada SA de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.99	Prosecur Mexico S de RL de CV	a	1	B
		0.01	Prosecur Compañía de Seguridad SA de CV			
Prosecur Consultoria y Servicios Administrativos S de RL de CV	79 B Norte No. 77 Colonia Sector Naval. 02080 MEXICO CITY	99.9998	Prosecur Mexico S de RL de CV	a	7	B
		0.0002	Prosecur Compañía de Seguridad SA de CV			
Prosecur Servicios de Seguridad Privada Electrónica SA de CV	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosecur Mexico S de RL de CV	a	2	B
		0.0002	Prosecur Compañía de Seguridad SA de CV			
Prosecur Custodias, S.A. de CV	Mexico State, Tlalnepantla de Baz, Los Reyes Industrial, 21 calle Alfredo Nobel	99.99991	Prosecur Mexico S de RL de CV	a	1	B
		0.00009	Prosecur Compañía de Seguridad SA de CV			

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
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Grupo Mercurio de Transportes SA de CV	Federal District, Azcapotzalco, Sector Naval, Av De las Granjas, 76	0.002	Prosegur Custodias, S.A. de CV	a	2	B
		99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV			
Prosegur Tecnologia SA de CV	Federal District, Azcapotzalco, Hogar y Seguridad, 297 calle Piña	99.9998	Prosegur Mexico S de RL de CV	a	1	B
		0.0002	Prosegur Compañía de Seguridad SA de CV			
Grupo Tratamiento y Gestión de Valores SAPI de CV	Federal District, Azcapotzalco, Sector Naval, 79 B calle Norte	80	Prosegur Cia de Seguridad, S.A.	a	7	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Federal District, Azcapotzalco, Sector Naval, 76 AV De las Granjas	50	Prosegur Compañía de Seguridad SA de CV	a	7	B
		50	Prosegur Mexico S de RL de CV			
Compañía Ridur, SA.	Guarani 1531, Montevideo	100	Juncadella Prosegur Internacional SA	a	8	B
Prosegur Uruguay BV	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Prosegur Transportadora de Caudales SA	Guarani 1531, Montevideo	99.91	Juncadella Prosegur Internacional SA	a	2	B
		0.09	Armor Acquisition SA			
Transportadora de Valores Silviland SA	Guarani 1531, Montevideo	100	Prosegur Transportadora de Caudales SA	a	2	A
Prosegur Activa Uruguay, S.A.	Guarani 1531, Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, SA	Michelini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531, Montevideo	99	Prosegur Transportadora de Caudales SA	a	3	B
		1	Prosegur Global CIT SLU			
Genper, S.A.	Guarani 1531, Montevideo	100	Prosegur Global SIS SLU	a	1	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531, Montevideo	90	Prosegur Uruguay BV SA	a	1	A
		10	Prosegur Global SIS SLU			
GSM Telecom SA	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody SA	Guarani 1531, Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren SA	Michelini, Zelmar 1121, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic SA	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	4	B
Pitco Shanghai Trading Co Ltd	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	7	B
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	7	B
Imperial Dragon Security Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B

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Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding Company				
Weldon Technology Co Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	99.95	Luxpai Holdo SARL	a	5	B
		0.05	Imperial Dragon Security Ltd			
Shanghai Meiyu Information Technology Co Ltd	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	1	B
Shanghai Pitco Information Technology Co Ltd	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	1	B
Shanghai Bigu Investment Co Ltd	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	1	B
Shanghai Pitco Consulting Management Co Ltd	Roon 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosecur Security Service Co Ltd	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	100	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	1	A
Singpai Pte Ltd	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai Holdo S.A.R.L.	a	5	A
Evtec Management Services Pted LTD	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Singpai Pte Ltd	a	1	A
Prosec Cash Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	8	B
Singpai Alarms Private Ltd	111Geylang Road, #01-01, Singapore 389216	100	Prosecur Global Alarmas ROW SLU	a	5	B
Prointrans LLC	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosecur Cia de Seguridad, S.A.	a	5	B
Prosecur SIS USA Inc	Florida	100	Prosecur Cia de Seguridad, S.A.	a	8	B
Prosecur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Singpai Pte Ltd	a	5	B
Prosecur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Holdings PTY Limited	a	5	B
Prosecur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Investments PTY Limited	a	2	A
Prosecur Technology Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosecur Australia Investments PTY Limited	a	8	B

Business Name	Registered offices	Shareholding		Case in which it is consolidated	Activity	Auditor
		% of nominal Shareholding	Company			
Prime Hiring India Private Ltd (Ex-SingPai India Private Limited)	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110001 - India Delhi, INDIA Louvres)	99.99	Luxpai Holdo SARL	a	7	B
		0.01	Pitco Asia Pacific Ltd			
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Sautnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel SA	15 Rue de Louvres (Chennevieres Les Louvres)	59.98	Prosegur Cia de Seguridad, S.A.	a	8	B
		40.02	Esta Service SAS			
Esta Service SAS	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage SRL	92 Boulevard Emile Delmas (La Rochelle)	4.8	Prosegur Cia de Seguridad, S.A.	a	8	B
		95.2	Esta Service SAS			

Case in which it is consolidated

- If the investee company is controlled, consolidated by the global integration method.
- Existence of significant influence, consolidation by the equity method.
- Joint ventures are consolidated by the proportional method.

Activity

- Activities of the Security business group.
- Activities of the Cash business group.
- Activities of the Alarm business group.
- Activities included in more than one business group.
- Holding company.
- Financial services.
- Auxiliary services.
- Dormant.

Auditor

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

Appendix II

Details of Joint Arrangements

Information as of 31 December 2016. Joint Ventures

Business Name	Registered offices	Shareholding		Instance when it is consolidated	Activity	Auditor
		% of Nominal	Shareholding Company			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	b	8	B
Rosegur, S.A.	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A.	b	2	B
SIS Prosegur Holdings Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	100.0	SIS Cash Services Private Ltd	b	2	B
SIS Prosegur Alarms Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50.0	Singpai Alarms Private Ltd	b	3	B
Prosegur Technological Security Solutions LLC	Abu Dhabi, Al falah Street, 211 ABDULLA HAMAD LUWAI AL AMERI, P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.	b	3	C
SBV Services Proprietary Limited	No. 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg	33.3	Prosegur Global CIT ROW SLU	b	2	B
Standard Betrieb Virtschaft Services Limited (SBV Nigeria)		50.0	A través de: SBV Services Proprietary Limited	b	2	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Proprietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburgo, South Africa	100	SBV Services Proprietary Limited	b	1	A
Integrated Cash Management Services Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburgo, South Africa	97.93	Standard Betrieb Virtschaft Services Limited (SBV Nigeria)	b	1	A

Information as of 31 December 2016. Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Partner company in joint venture	Notes	Activity
		% of Nominal				
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100			d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95		FERROSER	d	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100			d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70		CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100			d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.- BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESPAÑA SERVIMAX OF.ANTIFRAU CATALUNYA II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTO. JUSTICIA	Pajaritos, 24 28007 Madrid	43		VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100			d	2
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100			d	2

Information as of 31 December 2016. Joint Ventures

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, Building 1 Metropol I, 4th mod. 20. Mairena de aljarafe, SEVILLA 41927	10	CLECE	d	
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56	SEGUR IBERICA Y OTROS	d	
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135, 28002 Madrid	20	FERROSER	d	
SEGURIDAD TOTAL	Calle 19 B 34-69, Bogotá	53	SEGURIDAD SOS	d	
SIGLO XXI	Prosegur manned guarding Teusaquillo Office	55	SEGURIDAD SOS	d	
EPIG	Calle 21 B 44-18, Bogota	28.75	OTROS	d	1
SIES 2010	Calle 21 B 44-18, Bogota	24.5	OTROS	d	1
SIES 2011	CCalle 21 B 44-18, Bogota	22.5	OTROS	d	1
UNION TEMPORAL ESPINAL CCTV	Trans 23 95-53 Ecotec Building	80	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL CONGRESO 2011	Trans 23 95-53 Ecotec Building	69.5	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL MANIZALES 2011	Trans 23 95-53 Ecotec Building	99.5	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL TECNOLOGIA CALI	Trans 23 95-53 Ecotec Building	47	INTEGRA SECURITY SYSTEMS	d	1
UNION TEMPORAL INDRA PROSEGUR	Trans 23 95-53 Ecotec Building	40	INDRA SISTEMAS S.A	d	1
CONSORCIO LOGISTICA GESTION DOCUMENTAL	Trans 23 95-53 Ecotec Building	51	PROTESH INGENIERIA SAS	d	7

Information as of 31 December 2015. Joint Ventures

Business Name	Registered offices	Shareholding		Instance when it is consolidated	Activity	Auditor
		% of Nominal	Shareholding Company			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	b	8	B
Rosegur, S.A.	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Rosegur, S.A	b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A.	b	2	B
SIS Prosegur Holdings Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	100.0	SIS Cash Services Private Ltd	b	2	B

Information as of 31 December 2016. Joint Ventures

Business Name	Registered offices	Shareholding		Instance when it is consolidated	Activity	Auditor
		% of Nominal	Shareholding Company			
Shanghai Weldon Security Equipment Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Prosegur Cia de Seguridad, S.A.	b	3	B
Shanghai Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Via: Shanghai Weldon Security Equipment Co Ltd	b	1	B
Hangzhou Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	36.0	Via: Shanghai Weldon Security Service Co Ltd	b	1	B
Sichuan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30.6	Via: Shanghai Weldon Security Equipment Co Ltd	b	1	B
Prosegur Technological Security Solutions LLC	Abu Dhabi, Al falah Street, 211 ABDULLA HAMAD LUWAIE AL AMERI, P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.	b	3	C

Information as of 31 December 2015. Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1

Information as of 31 December 2015. Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Partner company in joint venture	Notes	Activity
		% of Nominal				
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.- BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESPAÑA SERVIMAX OF.ANTIFRAU CATALUNYA II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTD. JUSTICIA	Pajaritos, 24 28007 Madrid	43		VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100			d	2
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100			d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100			d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100			d	2
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100			d	2
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100			d	1
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, Building 1 Metropol I, 4th mod. 20. Mairena de Aljarafe, SEVILLA 41927	10		CLECE	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56		SEGUR IBERICA Y OTROS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135 28002 Madrid	20		FERROSER	d	1
TOTAL SECURITY	Calle 19 B 34-69, Bogotá	53		SEGURIDAD SOS	d	1
SHOPPING CENTRE	Prosegur manned guarding Teusaquillo Office	55		SEGURIDAD SOS	d	1
EPIG	Calle 21 B 44-18, Bogota	28.75		OTROS	d	1
SIES 2010	Calle 21 B 44-18, Bogota	24.5		OTROS	d	1
SIES 2011	Calle 21 B 44-18, Bogota	22.5		OTROS	d	1
ESPINAL CCTV JOINT VENTURE	Trans 23 95-53 Ecotec Building	80		INTEGRA SECURITY SYSTEMS	d	1
2011 CONGRESS JOINT VENTURE	Trans 23 95-53 Ecotec Building	69.5		INTEGRA SECURITY SYSTEMS	d	1
2011 MANIZALES JOINT VENTURE	Trans 23 95-53 Ecotec Building	99.5		INTEGRA SECURITY SYSTEMS	d	1
CALI TECHNOLOGY JOINT VENTURE	Trans 23 95-53 Ecotec Building	47		INTEGRA SECURITY SYSTEMS	d	1
PROSEGUR INDRA JOINT VENTURE	Trans 23 95-53 Edificio Ecotec	40		INDRA SISTEMAS S.A	d	1
DOCUMENT MANAGEMENT LOGISTICS CONSORTIUM	Trans 23 95-53 Edificio Ecotec	51		PROTESH INGENIERIA SAS	d	7

Case in which it is consolidated

- a. If the investee company is controlled, consolidated by the global integration method.
- b. Existence of significant influence, consolidation by the equity method.
- c. Joint ventures are consolidated by the proportional method.

Activity

1. Activities of the Security business group.
2. Activities of the Cash business group.
3. Activities of the Alarm business group.
4. Activities included in more than one business group.
5. Holding company.
6. Financial services.
7. Auxiliary services.
8. Dormant.

Auditor:

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

Notes:

- d. The purpose of joint operations corresponds entirely to services related to the Integrated Security Solutions-business line.

Joint venture activity:

1. Active Joint Venture.
2. Dormant Joint Venture.
3. Joint Venture under liquidation.

Appendix III

Summarised Financial Information on Joint Ventures

Information as of 31 December 2016

Thousands of euros					
	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information from the statement of financial position					
Non-current assets	27,237	12,026	84,019	1,153	124,436
Non-current liabilities	–	–	(50,966)	(776)	(51,741)
Total net non-current assets	27,237	12,026	33,054	378	72,695
Current assets	16,038	19,596	40,450	3,894	79,978
Cash and cash equivalents	2,198	10,883	19,809	154	33,044
Current liabilities	(16,723)	(20,685)	(23,453)	(6,749)	(67,610)
Current liabilities	–	–	–	–	–
Total net current assets	(685)	(1,089)	16,997	(2,855)	12,368
Net assets	26,552	10,937	50,051	(2,477)	85,063
Percentage of share	49%	49%	33%	44%	–
Share in net assets	13,011	5,359	16,682	(1,098)	33,954
Carrying value of share	13,011	5,359	16,682	(1,098)	33,954
Information from profit and loss account					
Ordinary revenue	(24,147)	(18,766)	(134,070)	(451)	(177,433)
Costs to sell	26,759	19,654	139,199		187,196
Finance expenses	608	394	4,825	(146)	5,682
Expenses (income) for tax on profit	58	79	3,033	(18)	3,151
Yearly profit from continuing operations interrupted	3,163	1,203	6,922	1,006	12,294
Yearly profit from interrupted operations	–	–	–	–	–
Profit/loss for the year	3,163	1,203	6,922	1,006	12,294
Other comprehensive income	–	–	–	–	–
Total comprehensive income	3,163	1,203	6,922	1,006	12,294
Dividends received	–	–	–	–	–

Information as of 31 December 2015

Thousands of euros					
	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	Weldon Group	Other insignificant companies	Total
Information from the statement of financial position					
Non-current assets	14,988	12,324	4,151	296	31,759
Non-current liabilities	—	—	—	(84)	(84)
Total net non-current assets	14,988	12,324	4,151	212	31,675
Current assets	13,471	20,396	16,772	23	50,662
Cash and cash equivalents	11	4	2,929	—	2,944
Current liabilities	(12,248)	(22,291)	(9,202)	(8)	(43,749)
Current liabilities	(5,507)	(889)	—	—	(6,396)
Total net current assets	1,223	(1,895)	7,570	15	6,913
Net assets	16,211	10,429	11,721	227	38,588
Percentage of share	49%	49%	44%	50%	—
Share in net assets	7,944	5,110	5,161	113	18,328
Carrying value of share	7,944	5,110	5,161	113	18,328
Information from profit and loss account					
Ordinary revenue	(24,266)	(19,405)	(3,601)	—	(47,272)
Costs to sell	23,761	19,254	4,704	—	47,719
Impairment of shares by equity method	—	—	17,019	—	17,019
Depreciation and amortisation	1,602	1,305	187	57	3,151
Finance expenses	719	179	9	—	907
Expenses (income) for tax on profit	(62)	(82)	(242)	(34)	(420)
Yearly profit from continuing operations	1,754	1,251	18,076	23	21,104
Profit/loss for the year	1,754	1,251	18,076	23	21,104
Total comprehensive income	1,754	1,251	18,076	23	21,104

Consolidated management report for reporting year 2016

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

1. Position of the company

Prosegur is a multinational group whose holding company is Prosegur Compañía de Seguridad, S.A. (hereinafter the Company) which creates global and comprehensive security solutions, adapted to the needs of our clients.

Prosegur provides private security services in the following countries: Spain, Portugal, France, Luxembourg, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, Australia and South Africa.

1.1. Organisational structure

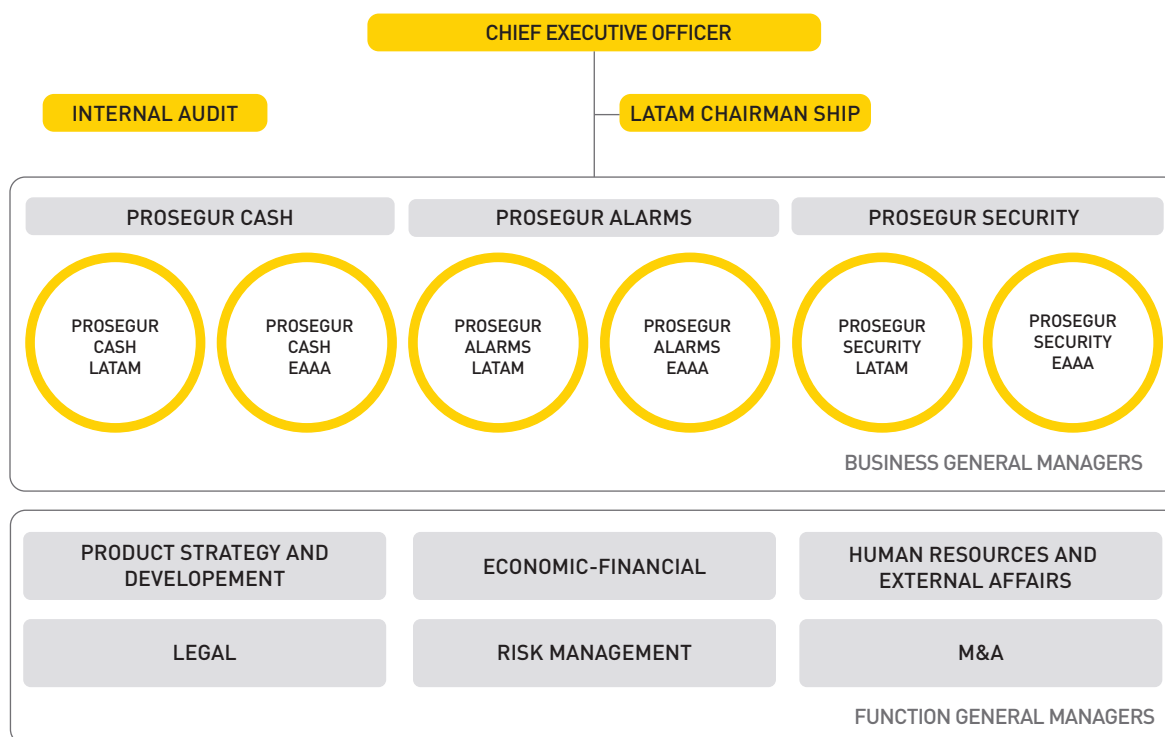
The organisational structure of Prosegur is designed to improve business processes and offer added value to our clients. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur as a business group. In addition, it fosters transversal knowledge of business areas and results in a closer approach to client needs.

Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms.

To reinforce our client focus and obtain a fast and efficient structure, geography is a fundamental aspect of the organisation and represented in two principal segments: Latam and EAAA.

Corporate functions are supervised by Global Support Divisions, which cover the areas of Finance, Human Resources and External Affairs, M&A, Risk Management, Legal Services, Product Strategy and Development.

The organisation of Prosegur is shown in the table below:



The representation power of the parent company of the Group pertains to the Board of Directors acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the General Shareholders' Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Executive Committee, the Audit Committee and the Appointments and Remuneration Committee. The Executive Committee has the broadest powers of administration, management, disposal and all the functions which pertain to the Board of Directors, except for those which are not eligible for delegation by legal or statutory provision. Among the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of generally accepted accounting principles. For its part, the Appointments and Remuneration Committee establishes and reviews the criteria for the composition and remuneration of the Board of Directors and for the Prosegur management team. It also periodically reviews remuneration programmes.

Changes in the composition of the Group

Changes that took place in the composition of Prosegur during the 2016 reporting period were mainly as a result of the following acquisitions:

- On 8 January 2016, the group acquired in Spain 100% of the company MIV Gestión S.A., a security company that provides international transport services for valuable and vulnerable goods. The total purchase price was EUR 1.1 million.
- On 28 January 2016, Prosegur acquired 57% of the company Beagle Watch Armed Response Proprietary Limited —a security company specialising in monitoring residential alarms— in South Africa. The total purchase price was ZAR 42.3 million (equivalent on the acquisition date to: EUR 2.4 million). In addition, Prosegur has increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing to a capital increase by a total amount of ZAR 53.4 million (equivalent on the acquisition date to: EUR 3.1 million), achieving a 75% shareholding in the same. The subscription to these shares is pending payment in its entirety. Prosegur might not pay for the shares and the capital increase, in this case, will be void.
- On 14 March 2016, Prosegur acquired 100% of the company Dognaedis Lda. S.A. —a company specialising in cybersecurity services— in Portugal. The total purchase price was EUR 1.5 million.
- On April 29, 2016, Prosegur has acquired 100% of the company Procesos Tecnicos de Seguridad y Valores, S.A.S. in Colombia, a company specialized in services of management of cash through the tasks of processing, packaging and recycling of banknotes and coins. The total purchase price has been EUR 0.16 million.
- On 3 November 2016, Prosegur acquired 100% of the company Indiseg Evolium Group S.L. —a company specialising in cybersecurity services— in Spain. The total purchase price was EUR 1.6 million.

In 2016, acquisitions of companies owned and accounted for using the equity method were as follows:

- On 25 February 2016, shares were subscribed by Prosegur representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which is engaged in the logistics and management of cash and securities. This transaction was completed on 25 February 2016.

During reporting period 2016, the following companies were incorporated or wound up:

- In January 2016, Prosegur incorporated a joint venture in India for the activity of alarms, under the name SIS Prosegur Alarms Monitoring and Response Services Pte Ltd.
- In February 2016, Prosegur Ciberseguridad, S.A.S. was incorporated in Colombia.
- In February 2016, the company Prosegur CIT Holding, S.L.U. was incorporated in Spain. On 21 September 2016, it changes its name to Prosegur Cash, S.A.
- In March 2016, Prosegur Holding CIT ARG, S.A., Prosegur Sistemas Integrales de Seguridad, S.A. and Prosegur Seguridad y Vigilancia, S.A. were incorporated in Argentina.
- In May 2016, Beagle Control (Pty) Ltd was incorporated in South Africa.
- In June 2016, Beagle Technical (Pty) Ltd was incorporated in South Africa.
- In June 2016, Prosegur Services France, S.A.S. was incorporated in France.
- In June 2016, Prosegur Ciberseguridad S.L. was incorporated in Spain.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Paraguay.
- In July 2016, the company Prosegur Asset Management Pty was incorporated in Australia.
- In July 2016, Prosegur Gestión de Activos, S.A. was incorporated in Argentina.
- In November 2016, the company Prosegur Asset Management, S.A. was incorporated in Spain.
- In December 2016, the company Prosegur CIT Integral Systems India Private Ltd. was incorporated in India.

Furthermore, the following mergers took place between subsidiaries in 2016:

- In May 2016, Prosegur Securite Nord S.A.S. merged with Prosegur Securite Humaine, S.A.S.
- In May 2016, Prosegur Securite Nord S.A.S. merged with Securite EST, S.A.S. with Prosegur Securite Humaine, S.A.S.
- In September 2016, Prosegur Securite Humaine, S.A.S. took-over Prosegur Securite Rubis, S.A.S. and Prosegur Securite Opale, S.A.S. in France

On 28 September 2016, Prosegur sold 100% of the Chilean company Sociedad de Distribución Canje y Mensajería Ltda for 3,150 million Chilean pesos (equivalent to EUR 4.3 million at the time of the operation), of which 1.6 million Chilean pesos were collected in 2016 (equivalent to EUR 2.1 million at the time of payment).

1.2. Operation

The organisation of Prosegur focuses on creation of value and aims to fulfil the growth strategy of Prosegur which, in turn, is based on a solid model that is sustained by financial strength.

The approval and implementation of the various Strategic Plans implies the determination and fulfilment of demanding targets based on the growth model and the various axes defined for each plan. In 2015, the new Strategic Plan for 2015-2017 was launched. The main objectives are classified as:

Qualitative objectives

- Management at delegation level. (compliance expected 2015-2016).
 - Continuously measure the quality level of the services and customer satisfaction.
 - Offer value focused on the needs of the client.
- Efficiency in operations (compliance expected 2015-2017).
 - Finish implementing corporate platforms in all Prosegur countries
 - Continue with Kaizen Project.
 - Continue promoting expertise centres implementing best practices in all countries.
- Simplification of management (fulfilment expected 2015-2016).
 - To build a Prosegur that is more agile, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making.

Quantitative objectives

- Growth (compliance expected 2015-2016).
 - Emphasise growth in new volume.
 - Maintain a firm commitment with the development and sale of new products.
 - Promote the specialisation of managers.
- Management of indirect costs (compliance expected 2016).
 - Simplify the decision making process and create a more streamlined organisation.
 - Reduce the burden of indirect costs, mainly in corporate business.

Prosegur is ready to continue with its growth strategy, both organic and inorganic, and maintains the capacity to take on new corporate acquisitions.

2. Business performance and results

2.1. Fundamental indicators of financial and non-financial character

In the 2016 financial year, Prosegur carried out a corporate restructuring that involved numerous purchase and sale transactions of companies, real estate and contributions, amongst others. As a result, exceptional expenses have been accrued with no operational purpose. Therefore, we have presented the profit and loss account with both effects, so that it can be analysed with and without the effect.

The 2016 reporting year saw a sales decrease of 1.4%. Consolidated sales of Prosegur in financial year 2016 amount to 3,902.3 million euros and have experienced an increase of 12.6% at a constant exchange rate.

The EBITDA increased 32.2% excluding the effect of currency depreciation in the countries where Prosegur operates based on conversion to the euro, which reflects the increase of the margins in spite of the increase in labour costs in countries with a significant impact on results.

The EBIT/Sales margin of 8.5% demonstrates Prosegur's ability to maintain the profitability of businesses in spite of the impact of amortisations derived from new business acquisition operations.

Consolidated net income decreased by 26.9%, mainly due to the increase in taxes suffered as a result of the corporate restructuring.

Excluding the effect of corporate restructuring, Prosegur had a 2.2% increase in EBITDA on 2015. The EBIT / Sales margin was 8.8% and consolidated net income increased by 0.7%.

Millions of euros					
	Without restruct. Cost			Without restruct. Cost	
	2016	2016	2015	Variation	Variation
Sales	3,902.3	3,902.3	3,959.4	-1.4%	-1.4%
EBITDA	458.4	449.4	448.4	2.2%	0.2%
<i>Margin</i>	11.7%	11.5%	11.3%		
Depreciation of property, plan and equipment	-77.5	-77.5	-81.1		
Depreciation of intangible assets	-39.0	-39.0	-43.1		
EBIT	341.9	332.9	324.2	5.5%	2.7%
<i>Margin</i>	8.8%	8.5%	8.2%		
Financial results	-58.7	-58.7	-36.3		
Profit before tax	283.2	274.2	287.9	-1.6%	-4.7%
<i>Margin</i>	7.3%	7.0%	7.3%		
Tax	-98.6	-140.1	-104.5		
<i>Tax rate</i>	-34.8%	-51.1%	-36.3%		
Net profit	184.6	134.1	183.4	0.7%	-26.9%
Minority interests	0.0	0.0	0.0		
Consolidated net profit	184.7	134.2	183.4	0.7%	-26.8%
Basic profit per share	0.3086	0.2242	0.3065		

Analysis of management in 2016

The financial year 2016 was a year with clear macroeconomic differences based on the geographical locations in which Prosegur develops its activity.

On the one hand, the Latin American region has been heavily affected by the devaluations of practically all its currencies, with the Argentine Peso and the Brazilian Real being the two currencies that have seen their prices most altered and in turn those that most affect Prosegur's profit and loss account in the region.

The strong devaluation of both currencies has tried to be compensated with a strong increase of the local sales favoured by the improvements that the Argentine economy has presented after the change of government at the end of 2015 and the signs of recovery that the Brazilian economy has presented, mainly in the second half of the year, resulting in a reduction in sales in the region slightly above 5 per cent when accounted for in Euros.

The Argentine economy has been the main engine this year, which resulted in improved sales in local currency and the termination of the blockade that has existed in recent years to the capital market and has allowed the free repatriation of funds from the country, as well as a strong increase of the alarms business and the technological part of Security due to the restrictions on the importation of products - mainly alarm devices - being completely lifted, which were slowing down the growth of these activities.

Meanwhile, Brazil has maintained an almost flat growth marked by efforts to correct the deficit situation of the Security business, which involves not only adjustments in the administrative and support areas, but also a strict focus on the optimisation of client portfolios, dropping low-profit clients in favour of higher-yielding accounts.

This process - which is still in development - has involved a reduction in volumes in the Security business, which, although offset by the growth of the Cash business in the country, has resulted in a flat situation in local currency sales, but with very positive prospects for upcoming years.

The rest of the Latam region has maintained a performance very in line with the dynamics of their respective economies in which the different Prosegur businesses have maintained their usual dynamics of improvement and growth above nominal GDP, showing organic growth in line with those seen in previous years and, in general, healthy within the estimates provided.

Meanwhile, the Europe region and the Rest of the World has had a year defined by the recovery of the Spanish economy, already at full capacity, and also by the growth of the German business above GDP.

The German subsidiary made a profit throughout the year and this, coupled with the good progress of the cash in transit business in the region, benefited from the upturn in consumption and the strong improvement in the Security and Alarms business in Spain, have allowed an increase in volumes of turnover above the average of growth of the countries where the activity is developed and an improvement of the profitability of around 5%.

Despite this improvement, market conditions in the European region can be considered adverse given the political uncertainties such as the Brexit, the absence of government in Spain during practically the whole year, or the elections in Italy, as well as the climate of insecurity due to terrorist attacks that have been experienced and have led to a general stalemate that has not been beneficial.

With respect to the Africa and Asia-Pacific region, the development of the new Australian subsidiary, fully in line with the growth estimates of its respective market, and supported by the purchase of another cash in transit company in the company, is promising and a perfect combination with Prosegur's market consolidation strategy, while it constitutes a powerful platform for innovation and the development of new practices in cash management and more specifically in comprehensive cashpoints and teller window management.

This activity is reinforced by Prosegur's position on the national Indian market as the second cash management services supplier, with the leading position in the south and east regions of the country—together with the activity in Australia, Singapore, and China, consolidating and growing the strategy that Prosegur is carrying out in the Asia- Pacific markets.

In addition, in 2016, the entry into the African market was also announced through the acquisition of 33% of the South African SBV cash in-transit company. This new acquisition has operations in South Africa, Lesotho, Namibia and Nigeria and, until the entry of Prosegur into its shareholding, it was owned by the four largest South African banks. With this operation, Prosegur reaffirms its strategy of expanding the Cash business to new geographical locations and goes one step further in its objective of

consolidating an industry that continues to be of strong growth and in which new trends in outsourcing banking and automation of cash management processes in retailers ensure a very promising future.

The financial year 2016 closed very satisfactorily, despite the difficult macroeconomic environment in Latin America and the still-weak but nevertheless sustained growth in EAAA, financial year 2016 has closed in a satisfactory way and the results positively reflect the success of the inorganic growth strategies of previous years which have provided a solid platform to guarantee organic growth during difficult times as well as the excellent adaptation capacity of the integrated business model of Prosegur to provide security and cash management solutions that are valued by clients in all countries well above any price arguments; this has enabled the company to combat adverse economic conditions and experience organic growth in a continuous and profitable way.

The objectives achieved are even more valuable taking into account that Prosegur carries out its activity in 14 currencies different from its operating currency, the euro, and that the effect of depreciation of some currencies in Latam has resulted in a highly negative impact on the main sections of the income statement.

The supports that made it possible to obtain satisfactory results in 2016 were an efficient combination of promotion commercial strategies, in mature markets, towards new service models focused on reducing the cost of security for the client while guaranteeing and measuring desired protection levels, combined with growth sustainability strategies above the market for the more traditional products in emerging markets and a strategy for entry into the market of outsourcing banking business processes.

In order to carry out this combination of highly distinct business plans, in 2016, Prosegur completed the internal reorganisation that was started in 2015 to reinforce the independent growth of the business areas, maintaining the market advantage of a comprehensive security model but also fostering independent margin protection policies for each business while assisting regions in dedicating the majority of resource to sales and customer service with support from a more efficient and service-oriented centralised global structure.

This new organisation model resulted in strict control of indirect costs and expenses that reinforces previous year policies and that is complemented by the introduction of new quantification and comparison tools that streamline decision making and identify and isolate inefficiencies more quickly.

As result of these new management and internal control policies, and with all previous acquisitions fully integrated into the business, a notable improvement in cash generation for the group has taken place, constituting a satisfactory continuation of the debt reduction and restructuring process and achieving Moody's Baa2 Stable rating, in addition to Standard & Poor's BBB Stable rating which had been obtained in 2012.

From the businesses point of view, 2016 has meant the start of a new management and reporting model, independent of each other, which includes the following aspects:

The Security business has shown very good performance in the Europe-Rest of the World region, with significant growth in Spain and Asia and with the full commercial consolidation of the newly combined technology and manned guarding solutions.

In the case of Spain, it is important to highlight the fact that, during 2016, more than half of the new sales in the Security business already correspond to these types of high profitability services, while the competence transfer model has been finalised to transfer these new business approaches and associated products to other geographical locations in the minimum possible time.

Regarding Latam, in the Security business, the focus has been placed not only on correcting Brazil's deficit situation, but also on increasing the presence of new integrated solutions in the rest of the markets. The result has been very positive and the Security business has seen its profitability increase in the region.

Regarding the Cash business, performance has been positive in both regions with a significant increase of new automation solutions and new banking outsourcing services in Europe.

In upcoming years, Prosegur aims to lead the consolidation of this business worldwide, increasing its turnover and market shares through greater penetration of new services and inorganic expansion to new geographical locations. To do so, all the strategic alternatives that favour the maximisation of value of this important part of the group are being studied.

As part of this strategy, different possibilities are being considered, such as continuing the acquisition processes of companies that reinforce presence in existing countries, expanding this activity to new geographical locations or even the stock market listing with the objective of creating a consolidation platform of global scope.

Finally, in the alarm business, 2016 has maintained the strong pace of growth in both regions seen in previous years, with a strong increase in activity in Argentina, thanks to the lifting of restrictions on imports, in Spain due to the increase of sales force during the year and with the new incorporations of two geographical locations, - South Africa and India - in which Prosegur Alarmas started its activity through the purchase of a portfolio of clients in the city of Johannesburg and the start from scratch of an alarm company in New Delhi, respectively.

Finally, in 2016, the development and improvement of the implementation of new key management indicators for the group continued. As a result we have updated corporate policies this year that have facilitated decision making with respect to:

- a) The establishment of continuous improvement objectives.
- b) The consideration of alternative strategies and options.
- c) The adoption of necessary measures for the implementation of defined strategies and introducing corrective measures to deal with deviations.
- d) The creation of competitive advantages

Currently, the Prosegur Management employs a control panel of timely and suitable information on its clients, the market, and the legal, economic, and technological environment that allows it to make continuous operational adjustments.

Over the following sections details are provided on the most significant variables of the management and its evolution during the period, including activities, business management, personnel, investments, and financial exploitation and management.

Sales by geographic area

Prosegur's consolidated sales over 2016 were EUR 3,902.3 million (in 2015: EUR 3,959.4 million), or a total decrease of 1.4%, of which 12.2% corresponds to pure organic growth, 0.4% corresponds to inorganic growth mainly derived from purchases carried out during 2016. The effect of the performance of exchange rates decreased by 14%.

The total growth of sales is above the nominal GDP of the countries in which Prosegur operates. This improvement is due in good part to the comprehensive security solutions model and the experience acquired in each market throughout the years.

The following table provides a breakdown of consolidated sales by geographical area:

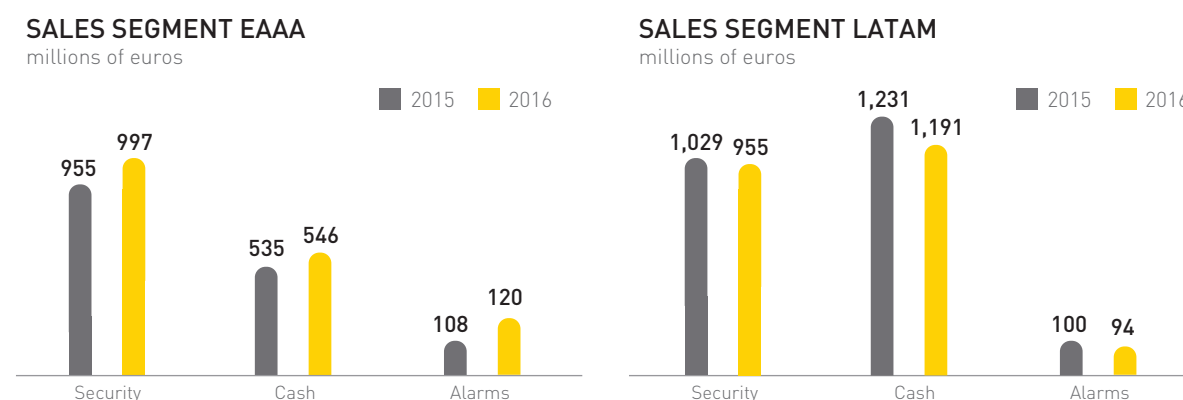
Millions of euros			
	2016	2015	Variation
EAAA	1,662.9	1,598.3	4.0%
LatAm	2,239.4	2,361.1	-5.2%
Total Prosegur	3,902.3	3,959.4	-1.4%

EAAA sales increased by 4.0%, mainly due to obtaining multiple synergies in Germany in the last year following purchases acquired during the last 24 months.

Sales in the Latam region declined by 5.2% compared to 2015. The increase of sales in this region, in 2016, was negatively affected by 23.4% by the depreciation of the main currencies of Latin American countries.

Sales by business area

The following table provides a breakdown of consolidated sales by geographical area and business area:



The following table provides a breakdown of consolidated sales in aggregate form by business area:

Millions of euros			
	2016	2015	Variation
Security	1,951.3	1,984.6	-1.7%
<i>% of total</i>	50,0%	50.1%	
Cash	1,737.6	1,766.3	-1.6%
<i>% of total</i>	44,5%	44.6%	
Alarms	213,4	208.5	2.3%
<i>% of total</i>	5,5%	5,3%	
Total Prosegur	3,902.3	3,959.4	-1.4%

The decrease of turnover for 2016 compared to 2015 is 1.4%.

The Security business, which includes the Manned Guarding and Technology activities has experienced a decrease in sales of 1.7% at constant exchange rate. The effect of the devaluation of currencies in countries such as Argentina has negatively affected Prosegur's turnover.

The Security activity decreased its sales in the Latam region, reaching EUR 954.5 million (2015: EUR 1,029.4 million) as a result of the effect of the devaluation of certain currencies. This business has experienced a slight increase in the EAAA region, having achieved a turnover of EUR 996.8 million (2015: EUR 955.2 million) as a result of the optimisation of portfolios in past years.

In relation to the Cash business, sales have followed a negative trend as a result of the exchange rate effect, decreasing by 1.6% to reach EUR 1,737.6 million (2015: EUR 1,766.3 million).

The Cash business in EAAA has increased to a total of EUR 546.4 million (in 2015: EUR 534.9 million). This is an important achievement considering the restructuring that the banking sector experienced over recent years in countries such as Spain and Portugal. It is also proof of the business strength and differentiation of the Cash services offered by Prosegur compared with its competitors.

In the Latin America region, the Cash business totalled EUR 1,191.1 million (in 2015: EUR 1,231.3 million) affected negatively by the depreciation of the main currencies of countries such as Brazil.

Finally, the Alarms business achieved annual earnings of EUR 213.4 million during 2016 (in 2015: EUR 208.5 million), or an increase of 2.3%.

The series shown below illustrates the growth of Prosegur's consolidated turnover over the last five reporting years:

Millions of euros					
	2012	2013	2014	2015	2016
Billing	3,669.1	3,695.2	3,782.6	3,959.4	3,902.3

EBIT margins by geographic area

Earnings before income tax (EBIT) for 2016 were EUR 332.9 million (in 2015: EUR 324.2 million). The EBIT margin for 2016 was 8.5% (in 2015: 8.2%).

This margin of 8.5% is especially important in a year affected the depreciation of the main currencies of Latin American countries. This margin includes extraordinary expenses for corporate restructuring amounting to EUR 9.0 million. If we isolate this effect, the real margin would be 8.8%.

The following table shows the distribution of EBIT margins by geographical area:

Financial year 2016

Millions of euros				
	EAAA	LatAm	Restructuring costs	Prosegur
Sales	1,662.9	2,239.4	—	3,902.3
EBIT	74.3	267.6	-9.0	332.9
EBIT margin	4.5%	12.0%	—	8.5%

Financial year 2015:

Millions of euros				
	Europe & Asia Pacífico	LatAm	Prosegur	
Sales	1,598.3	2,361.1	3,959.4	
EBIT	70.8	253.4	324.2	
EBIT margin	4.4%	10.7%	8.2%	

As already mentioned, EAAA improved margins in absolute and relative terms, as in the Latam region, even considering currency devaluations.

The optimisation of client portfolios carried out during 2013 and 2014 mainly in Europe are due to Prosegur's priority of maintaining high profitability margins and guarantee returns on investments. Compliance to this objective is part of the innovation and services improvement strategy aimed at excellence of the latter as well as in the area of customer relations.

In the following table, the EBIT trend over the last five years can be seen:

Millions of euros						
	2012	2013	2014	2015	2016 - sin costes restructuración	2016
EBIT	311.5	297.6	307.3	324.2	341.9	332.9
% sales margin	8.5%	8.1%	8.1%	8.2%	8.8%	8.5%

The EBIT margin on consolidated sales was 8.5% during 2016. The upwards trend of earlier years was reduced in 2013, basically because of currency depreciation, in particular the Brazilian Real. However, since 2015, Prosegur managed to recover a growth strategy, mitigating the currency depreciations that took place in 2015 and 2016 mainly due to the Brazilian Real and the Argentine Peso.

Information concerning the assignment of Prosegur assets to each one of the segments and reconciliation between the result assigned to segments and the consolidated net results is shown in Note 10 of the Annual Consolidated Accounts.

Commercial information

Prosegur services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. To this end, for clients with whom there is no prior experience, inquiries and consultations are conducted using public domain data in order to carry out risk evaluations and individual analyses that are objectively measurable. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing the optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is arranging a value added and responsible security service.

Prosegur continuously renews its offer and develops new products in every business line.

Investments

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

Amortisation provisions totalled EUR 116.5 million in 2016 (in 2015: EUR 124.2 million). This amount corresponds to property, plant and equipment and investment property worth EUR 77.5 million (in 2015: 81.1 million) and computer applications worth EUR 14.3 million (in 2015: EUR 11.6 million) and other intangible assets worth EUR 24.7 million (in 2015: EUR 31.5 million).

Details of total investments analysed by the Investments Committee during 2016 and a comparison with 2015 are shown below:

Millions of euros	2016	2015
First Quarter	17.2	32.9
Second Quarter	35.7	32.6
Third Quarter	24.9	48.5
Fourth Quarter	37.7	19.2
Total	115.5	133.2

Investment in property, plant and equipment amounted to EUR 152.6 million in 2016 (in 2015: EUR 123.6 million). Moreover, there have been investments in computer applications amounting to EUR 14.8 million (in 2015: EUR 16.9 million).

No real estate investments were made in 2016 in Argentina or any other country (2015: EUR 71.3 million).

2.2. Environment

Prosegur has the “3P” policy (Prosegur Policies and Processes) or mandatory general regulation for all employees with respect to the definition of the environmental protection policy in each country, compliance to applicable environmental legislation, risk evaluation and the adoption of risk mitigation measures and measures to reduce the impact of our activities on the environment.

The Security, Cash and Alarms business activity do not have a heavy environmental impact. The two businesses mentioned first and second are very intensive businesses in terms of human resources in which thousands of employees participate and, therefore, we take the sensitisation of our employees with respect to environmental responsibility and sustainability as well as training programs aimed at employee groups to be another main focus of our environmental policies.

The 3P management system has a common foundation in all countries and includes the 3P policy mentioned in the first paragraph, which is global and establishes compliance with environmental legislation as an obligation of the management of each country and a common policy for all countries.

The main environmental aspects inherent to our business activities are:

- a) For the Security business, the consumption and generation of residue of the following materials: Residue of containers containing the remains of dangerous substances or that are contaminated by these: toner, fluorescent materials, Ni-Cd batteries, Pb batteries, paper and plastic.
- b) For the Cash business, the consumption and generation of residue of the following materials: absorbent and filtering materials, cleaning rags, and protective clothing contaminated by dangerous substances, the residue of containers with the remains of dangerous substances, or contaminated by the latter, toner, fluorescent materials, paper and plastic.
- c) For the Alarms business, the consumption and generation of residue of the following elements: lead batteries, the residue of containers containing the remains of dangerous substances or that

are contaminated by these: toner, fluorescent materials, dangerous RAEEs, Ni-Cd batteries, paper and plastic.

At the country level we monitor the impact of each one of the environmental aspects related to the businesses that Prosegur conducts in the country and actions and objectives are established to minimise said impact, such as:

- a) We value energy efficiency in the programs for the progressive withdrawal of armoured vehicles and the replacement of some of its operative vehicles for electric vehicles, hybrid or fuelled by fuels with less pollutants such as liquefied petroleum gas (LPG), vehicular natural gas (VHG) and ethanol. Since 2015, the group has developed new 3P policies applicable to "Fuel Management".
- b) The reduction of water consumption at delegations and offices through the dissemination of environmental sensitisation campaigns.
- c) Reduction of electrical consumption and related atmospheric emissions by way of the installation of efficient lighting (LEDs) as well as the dissemination of environmental sensitisation campaigns.
- d) Adopting restrictive printing rules whereby printing is only allowed on two sides of a page and in grey scale, which means less paper consumption at offices and headquarters.

On 31 December 2016, Prosegur has no environment-related contingencies, legal claims or income and expenses relating to the environment.

2.3. Personnel

Taking into account the growth strategy implemented globally in recent years, Prosegur generates employment in the markets where it is present.

The Prosegur workforce closed 2016 with 168,120 employees (in 2015: 161,822 persons), or an increase of 3.1%.

Historically, one of the main reasons that Prosegur has consolidated itself as one of the main security services groups worldwide has been its selection of personnel. The characteristics of special trust and responsibility that must characterise the people who deliver its services in the client's installations, in such a sensitive activity as security, make obligatory the guarantee not only of the effectiveness of Prosegur personnel but also their honesty, responsibility, emotional balance, and psychological maturity.

Therefore, a constant priority for Human Resources Management is the continuous improvement of the selection processes that make it possible to identify the suitability of a person for a position with Prosegur.

Over the last five years the average workforce has grown as follows:

Workforce	2012	2013	2014	2015	2016
Direct	140,049	145,364	146,954	150,549	157,693
Indirect	8,530	9,150	8,184	8,659	9,440
Total Prosegur	148,579	154,514	155,138	159,208	167,133

The growth of the workforce relative to invoicing over the past five years was as follows:

Number of persons per million billed	2012	2013	2014	2015	2016
Direct	38.2	39.3	38.9	38.0	40.4
Indirect	2.3	2.5	2.2	2.2	2.4

Annual satisfaction surveys are conducted for Prosegur to become aware of its employees' perceptions with respect to the aspects that affect their daily work. From these surveys action plans are designed to establish improvement policies for the work environment of Group companies.

Prosegur applies industry standards regarding occupational risk prevention. It invests in specific training as well as modernisation to guarantee that employees work in safe environments, and it provides them with the best equipment.

Internal communication channels have been improved, particularly in recent years, and are available via the corporate Intranet and through strategic presentations involving a large number of employees.

The Prosegur foundation collaborates with the construction of a society characterised by greater solidarity and less injustice and, with this in mind, one of its objectives is to promote the social integration of sectors at risk of exclusion in order to generate attitude changes toward values of greater solidarity. For years we have supported participation in the workforce of people with an intellectual disability, offering them a more stable future through employment. In the most representative Prosegur offices, a Work Insertion Plan for People with Intellectual Disabilities was implemented, with new professionals from this group joining the teams of different countries.

Next key indicators are shown for the last two years reflecting the actions of Prosegur in supporting the training and education of its employees and for the promotion of diversity and equal opportunity (the distribution of the workforce by gender is included in Note 33 of the Consolidated Annual Accounts):

(Number of persons and millions of euros)	2016	2015
Staff	168,120	161,822
Percentage of women	15.8%	15.6%
Percentage of women in Board of Directors	25.0%	33.3%
Disabled personnel in operating workforce in Spain (average)	170	248
Investment in training	8.5	8.2
Accident rate	3.2	3.3
Rate of sick leave	0.06	0.06

3. Liquidity and capital resources

In a context in which credit was still relatively restricted, during 2016 Prosegur continued to formalise strategic financing operations designed to optimise financial debt, control debt ratios and meet growth targets.

Prosegur calculates the net financial debt by considering the total of current and non-current external debt (excluding other non-banking debts) plus net derived financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 32.2).

The financial debt on 31 December 2016 was EUR 712.4 million (in 2015: EUR 579.6 million).

3.1. Liquidity

Prosegur has a good level of liquidity reserves and a great capacity for financing that makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

On 31 December 2016, Prosegur cash reserves are EUR 1,414.3 million (in 2015: EUR 969.8 million). This figure is the sum of the following sections:

- The balance of cash and cash equivalents totalling EUR 824.6 million (in 2015: EUR 316.4 million).
- The existing availability long-term of credits for EUR 350 million corresponding to the syndicated loan taken out in 2015 (in 2015: EUR 350 million).
- Other unused credit lines for an amount of EUR 239.7 million (in 2015: EUR 303.4 million) contracted in a diversified manner in an ample banking pool and in which the main banks of each country where the company operates are represented.

This liquidity figure implies 36.2% in consolidated annual sales (in 2015: 24.5%), which makes it possible to cover both short-term financing needs and the growth strategy.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The set of maturities of Prosegur's debt is in line with the company's capacity for generating cash flows to repay it.

It is important to note that, although part of the cash position referred to for the close of the 2016 period is subject to certain regulatory conditions derived from Prosegur's geographical location, compliance to forthcoming contractual obligations does not depend on distributions or payments from subsidiaries that are subject to insurmountable legal or regulatory restrictions. During the annual budget planning process, a plan for the repatriation of dividends from subsidiaries is executed, maximising the tax efficiency of the consolidated Group.

The market value of treasury stock held by the Prosegur mother company on 31 December 2016 was of EUR 111.0 million (in 2015: EUR 79.7 million).

3.2. Capital resources

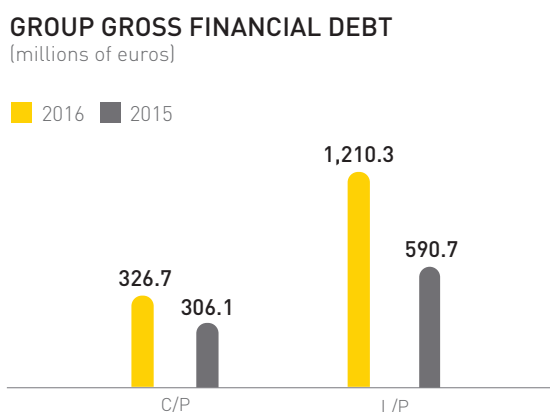
The structure of the long term financial debt is determined by the following contracts:

- On April 2, 2013, single bonds were issued for a nominal amount of € 500 million, maturing in 2018. The bonds accrue a coupon of 2.75% per annum payable for annuities due and listed on the Irish Stock Exchange. The market price at 31 December 2016 is 0.27%.
- A syndicated loan signed in Spain in 2014 amounting to EUR 400 million over a five-year term, the maturity of which has been extended one year after the novation in 2015. As of 31 December 2016, the capital stock amounts to EUR 50 million (2015: EUR 50 million).
- In December, the Group entered into a syndicated loan agreement for the sum of EUR 600 million with a three-year maturity. At 31 December 2016, the capital drawn down under this syndicated loan amounted to EUR 600 million.

In consolidated terms, the gross long-term financial debt with maturity greater than one year reached EUR 1,210.3 million at the close of 2016 (2015: EUR 590.7 million), largely on account of the syndicated loan agreement signed in 2014 and 2016 and the corporate bonds issued on 2013.

The current gross financial debt totals EUR 326.7 million (in 2015: EUR 306.1 million).

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



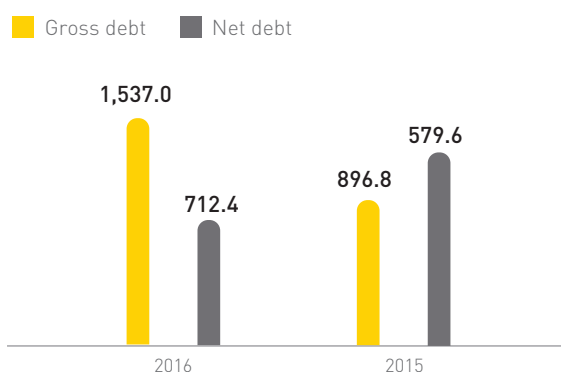
The average cost of the financial debt, in 2016, was 2.72% (in 2015: 3.25%). The decrease in the average cost of debt is due to the cancellation of the syndicated loan in Australia and Debenture in Brazil and the new financing in Spain at a low cost.

The net financial debt at the close of 2016 reached EUR 712.4 million (in 2015: EUR 579.6 million). The main consequence was an increase of the extraordinary dividend payment in December 2016 for the amount of EUR 61.8 million.

The following diagram shows a comparison of gross and net debt in 2015 and 2016:

PERFORMANCE OF GROUP FINANCIAL DEBT

millions of euros



No significant changes are expected in 2017 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2016.

The following table shows the maturities of the drawn debt as per contractual obligations on 31 December 2016:

Millions of euros				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Debentures and other securities	13.8	513.8	0.0	527.6
Loans and borrowings	179.2	783.7	0.0	962.9
Credit accounts	140.4	50.0	0.0	190.4
Finance lease payables	11.1	15.5	2.2	28.8
Other payables	34.9	13.8	4.2	52.9
	379.4	1,376.8	6.4	1,762.6

In its current activity, Prosegur occasionally resorts to operations not entered in the statement of financial position, normally under the contractual formula of operational leasing and mainly with a view to use high value assets such as buildings and vehicles. Payment commitments for future leases amount to EUR 98.4 million (in 2015: EUR 83.7 million) which mainly correspond to the contract for the office building in Madrid, operating bases located in Brazil, other buildings representing the business, and operational vehicles (Note 29).

Prosegur calculates the leverage ratio as the quotient of the net financial debt over total capital, with the latter defined as the sum of the net financial debt and the net assets. On 31 December 2016, the ratio was 0.49 (2015, 0.45).

The ratio of net financial debt to own resources on 31 December 2016 was 0.95 (in 2015: 0,83).

The ratio of net financial debt to EBITDA was 1.59 in 2016 (in 2015, 1.29). If the market value of treasury stock at the close of the year is considered as adjustment to the financial debt and debts to third parties resulting from company acquisitions are taken into account, the coefficient over EBITDA is 1.37 (in 2015: 1.23).

3.3. Analysis of contractual obligations and off balance sheet operations

Note 29 of the Consolidated Annual Accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

In addition, as indicated in Note 28 of the Consolidated Annual Accounts, Prosegur issues guarantees to third parties for commercial and financial motives. The total amount of guarantees issued on 31 December 2016 is EUR 305.4 million (in 2015: EUR 260.9 million).

4. Main risks and uncertainties

Prosegur's Risk Management System is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system, complemented with standards applied by the main clients of the financial sector, such as the Basel III and ISO 31000 standards. Final responsibility in risk management lies with the Board of Directors. The Audit Committee has, amongst its basic responsibilities, that of supervising the effectiveness of internal control and risk management systems, checking their appropriateness and completeness, and reviewing the appointment and substitution their managers.

4.1. 4.1 Operational risk

The risk management cycle at Prosegur is the following:



Regulatory risk

Prosegur conducts its activity in a highly regulated environment and is required to comply with diverse rules in countries in which it operates that encompass everything from the authorisations or entitlements to be able to provide security services, compliance to multiple obligations in the execution of its operations and informing on the diverse areas of its activities.

Among other regulations Prosegur is required to fulfil laws that regulate the private security activity, labour relations and social security, the prevention of occupational hazards, firearms regulations, money laundering prevention, data protection, fair competition, and the stock market.

Prosegur devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Local Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the group operates and that are adapted to the requirements of the applicable policies in each case.

Likewise, the Corporate Regulatory Compliance Division carries out an essential role in complying with all regulations affecting Prosegur. With respect to regulation affecting the prevention of money laundering, it relies internally on a money laundering prevention unit (Spanish acronym UPBC) in Spain. This unit is dedicated to the implementation of measures to control and monitor activities in order to prevent facilities for the transportation of valuables to be used for money laundering purposes.

Operational risk

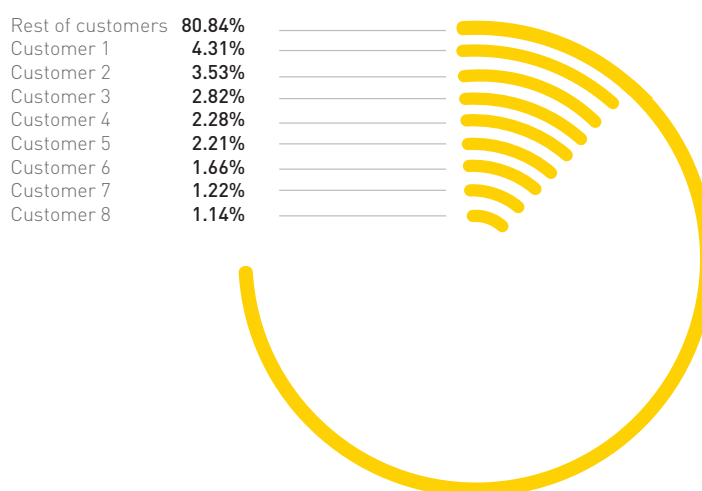
Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

It is worth mentioning the monitoring task carried out by the Corporate Security Division over control and monitoring processes for the traceability of operations carried out in transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of losses.

Prosegur boasts a large team working in two continental platforms: one for Latin America and the other for EAAA.

Client concentration

Prosegur is not significantly exposed to clients. Note 32 of the Consolidated Financial Statements shows representation tables of the main clients on the global turnover of Prosegur, as shown in the following chart:



4.2. Financial risk

Interest rates risk

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

Prosegur analyses its interest rate risk exposure dynamically. In 2016, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. On the basis of these scenarios, Prosegur calculates the impact on the result of a given variation of the interest rate. Each simulation uses the same variation in the interest rate. The scenarios are only analysed for those liabilities that represent the most significant positions subject to a floating interest rate.

Currency risk

Natural hedging conducted by Prosegur is based on capital expenditure required in the industry (which varies by business area) being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

During financial year 2016, Prosegur has maintained a natural hedging policy, holding debts in the currencies of the main countries where Prosegur operates in order to minimise exposure to currency risk in countries such as Australia or Brazil.

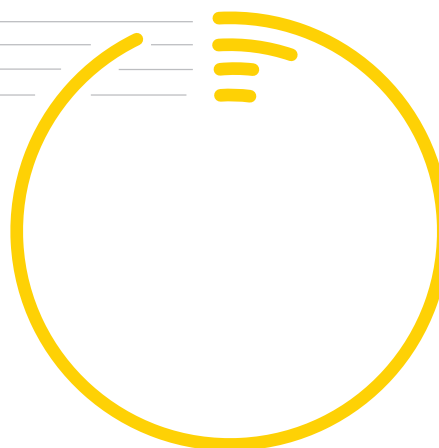
Although Prosegur operates in a large number of countries, its financial debt is concentrated mainly in three currencies: Euro, Brazilian Real and South African Rand. Debt is 95% in Euros, 1% in Brazilian Reais, 1% in South African Rands and 3% in the other currencies in which Prosegur operates.

Note 24 of the Consolidated Financial Statements reflects the value of financial assets and liabilities in the various currencies. Note 32 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

In graphical form, the financial debt structure of Prosegur distributed by currency at the close of 2016 is as follows:

GROUP FINANCIAL DEBT

Euro	95%
Others	3%
Brand	1%
BRL	1%



Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur operates carries out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 32 of the Consolidated Financial Statements shows tables of representativeness of the main clients over the overall turnover of Prosegur.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Management Department and updated credit limits and levels are periodically published.

5. Important circumstances after the reporting period

No significant events occurred after the end-of-year.

6. Information on the foreseeable performance of the entity

Forecasts for 2017 are optimistic. Although significant improvements in the macroeconomic aspects of both regions are not expected, it does seem that the positive stabilisation of most Latin American economies and the sustainability, albeit weak, of economic improvements in Europe, may represent a year of lower volatility in the rate of change and maintenance or increase of the rate of growth of profitability.

Prosegur will continue to strengthen internal control procedures that guarantee efficiency in different businesses. The maintenance and control of the group's financial discipline and the reinforcement of corporate control policies designed to provide greater control of profitability by business line and greater focus by the countries on organic growth via new products with greater margin. This comprehensive level of internal control and optimisation allow internal improvements and growth in cash generation in 2017, continuing the path already begun in previous years.

Meanwhile, during 2017 and the following years, Prosegur plans to bring about strong intensification in the Alarms business.

The idea is to characterise this activity by a pure B2C ("business to consumer") approach, supporting this sales and marketing strategy with a powerful set of products designed to provide services with perceived and measurable value added to the client.

In the next few years, the business of home and small business alarms will be strongly boosted by way of additional investment, both in sales force and advertising, as well as service provision capacity, with a view to positioning Prosegur amongst the group of the largest world operators in this specific business with the additional advantage brought by the other business lines which can complement and support the sale of alarms, transforming from a basic service into a highly specialised security solution for small business premises –including collection management– or an assistance service for families, geolocation services, advanced domotics and many other possibilities.

Within the countries in the Latam region, it is estimated that the currencies of the main countries still have a way to go in terms of depreciation in 2017, although less than has been seen in previous years. This negative impact already forecast will be compensated by the potential development of the region and capacity of Prosegur to gain customer loyalty by offering the best services.

The excellent results obtained in the past by the sales teams in the Latam region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturity process, allows us to remain optimistic for 2017.

Thanks to the experience gained in each one of these markets over the years, Prosegur has developed a business model that has proven to be successful in any economic environment, enabling margins to be maintained and even increased.

In this regard, the profitability of the Integrated Security Solutions (ISS) business in the Latam region will continue with the upwards trend of 2016 although it will require similar portfolio optimisation to that performed in 2016.

For its part, the economic context of Europe presents an improvement profile that will provide a gradual drive to the business and, above all, will improve profitability.

Prosegur will continue to show its excellent capacity for adaptation to the situation and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services and integrated security solutions.

To this end, new remote security monitoring services will be added such as the new Cybersecurity Monitoring Centre which is already operational for clients in several countries, or the new process outsourcing back-office banking services.

Solid foundations have been laid to face the coming years that are expected to bring about a positive increase in margins and the achievement of reasonable growth rates.

Asia-Pacific, and potentially other geographic areas, may constitute the doorway to markets with high growth potential and diversification of risks and opportunities. Prosegur intends to take the utmost advantage to the strong growth prospects of this region for the private security industry. To this end it shall continue to focus on inorganic growth in the area, benefiting from the excellent platform it has built over previous years and the vast experience it has accumulated in corporate operations. It will seek new opportunities to introduce other business lines and also develop the alarms market.

With the excellent low cost current financing and the current low level of leverage of the company, Prosegur is in an ideal position to continue with its inorganic growth process without compromising the level and ratios which measure the level of debt.

By way of conclusion, Prosegur is facing big challenges in the coming years, which include meeting the expectations to maintain the recovery trend of margins in Europe and sustaining the profitability levels in Latam despite the adverse macro situation.

The company has excellent supports for growth: the best platform worldwide for funds in transit, with a dominant presence in emerging markets unequalled by any competitor, the combination of the most

innovative integrated security solutions supported by a portfolio of clients of the highest quality in all countries and the optimal solvency and financial stability to confront these challenges. And, although the coming years will be more focused on profitability and organic growth, Prosegur will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company with the most advanced security solutions.

It must also be noted that in the second half of the year, the company announced a possible listing of its Prosegur Cash business.

7. R&D&i activities

The important projects carried out in recent years have brought differentiation to the quality of the security services offered by Prosegur and reflect the company's commitment to innovation and service excellence.

Amongst the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Security

The company developed a surveillance drone able to fly indoors unmanned. The proprietary software makes it possible to fly unmanned using a new algorithm, height sensors and a laser scanner. This is a service offered exclusively in Spain and that has been developed in-house. It is the result of Prosegur's decisive strategy to invest in innovation and the technological improvement of its security services.

Alarms

The first mobile remote assistance service has been presented in Spain, consisting of an alarm with a remote assistance service for elderly people or people with disabilities, capable of connecting the user with medical services in real time. The new assistance service, called "Prosegur Always With You" is aimed at elderly people or people with special care needs and their families. The system, operational on a 24/365 basis allows GPS geolocalisation of the exact position of the user, his or her movements, detect falls or inactivity after 48 hours and it automatically notifies family members and medical services in case of need.

The service also features a user monitoring system with control calls every 15 days, and can be used like a mobile phone to call the Prosegur Service Centre and another two phone numbers specified by the user.

8. Acquisition and disposal of treasury shares

On 31 December 2016, the company holds 18,694,870 treasury shares (in 2015: 18,756,890 shares), representing 3.03% of the share capital (in 2015: 3.04%), and with a value of EUR 53.3 million (in 2015: EUR 53.5 million).

9. Alternative Performance Measures

To comply with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the Company presents its results in accordance with generally accepted accounting principles (GAAP), the Management believes that certain Alternative Performance Measures provide useful additional financial information that should also be taken into account when appraising the company's performance. The Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the company's performance. Prosegur provides those APMs deemed relevant and useful for users to reach decisions and it is convinced that these help provide a true and fair view of its financial performance.

APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Company's operational liquidity. Working capital is calculated as current assets less current liabilities	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. Management of working capital requires the Company to control inventories, accounts receivable and payable and cash.
CAPEX	Capex (Capital Expenditure) means the money a company spends on capital equipment that generates a profit or return, whether by acquiring new fixed assets or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its capital equipment is increasingly quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
EBIT	EBIT is calculated on the basis of a company's operating earnings, without including interest and tax expenses.	EBIT provides a view of the company's operating results, excluding interest and tax. This variable does not take into account the tax burden, which may vary by country, or the impact of finance income and expense.

APM	Definition and calculation	Purpose
EBITA	EBIT is calculated on the basis of a company's operating earnings, without including interest and tax expenses, or the decreases of value due to amortisations.	EBITA provides a view of the company's earnings before interest, taxes and amortisation. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.
EBITDA	EBITDA is calculated on the basis of a company's operating earnings, without including interest and tax expenses, or the decreases of value due to depreciations or amortisations.	EBITDA provides an accurate view of what a company is earning or losing from its business without further complications. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied.

10. Other significant information

10.1. Stock market information

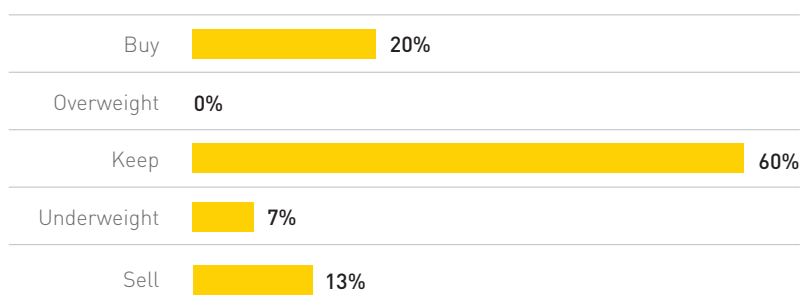
Prosegur focuses its efforts in the creation of value for its shareholders. The improvement in results and transparency, as well as rigour and credibility, underpin the Company's actions.

The Prosegur shareholder and investor relations policy aims to establish a communication that is direct, personal and stable over time. The Company has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

In order to fulfil this transparency commitment, Prosegur uses multiple communication channels such as the Webcast held every quarter to report results or the creation of the Investors Newsletter, in addition to the publication of other information bulletins with specific content of interest to the investment community.

Analysts coverage

The recommendations of the investment companies that monitor Prosegur are as follows:



On 31 December 2016, the price per Prosegur share closed at EUR 5.94. The listed share price of the company has grown by 43.82%.

Main shareholders

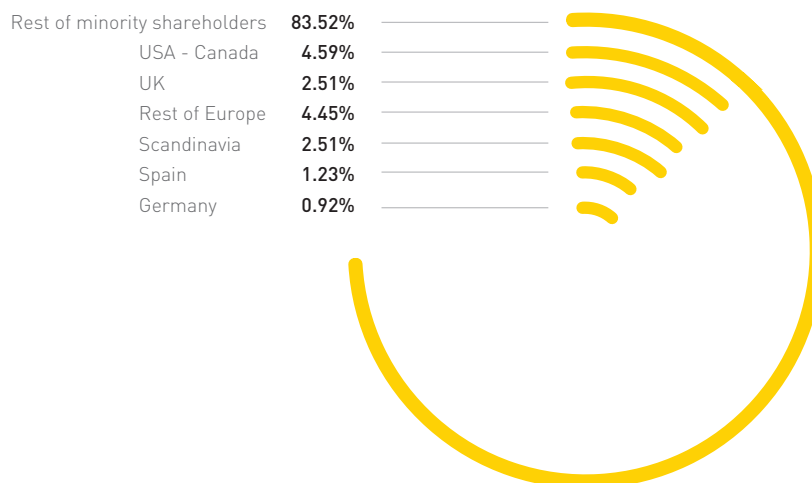
The shareholding structure of Prosegur reflects its solidity and stability.

On 31 December 2016, 66.79% of the capital of the Company was held by significant shareholders. The remaining 33.21% was floating capital.

The strong presence of shareholders in the Board of Directors enables the management bodies, and particularly the Executive Committee, to define strategic lines and make decisions in line with the interests of all of the shareholders. This solid and stable relevant shareholder base, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of floating capital

At the international level and given its growth potential, Prosegur has always been well accepted among investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its floating capital.



10.2. Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2016 forms part of the Directors' Report and as of the date of publication of the financial statements is available on the Web site of the National Securities Market Commission as well as on Prosegur's own Web site.

This report includes sections E, analysing control and risk management systems of the Company, and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2016

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2016, authorised for issue by the board of directors at the meeting held on 30 January 2017 and prepared in accordance with applicable accounting principles, present fairly 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 individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

Madrid, 30 January 2017.

Mrs Helena Irene Revoredo Develcchio
President

D. Isidro Fernández Barreiro
Vice-president

Mr Christian Gut Revoredo
Managing Director

D. Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

D. Pedro Guerrero Guerrero
Director

Mr Fernando Vives Ruiz
Director

D. Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the Directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil this responsibility mainly by establishing and maintaining accounting systems and other regulations, with adequate support by internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. In any case the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2016. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino
Chief Financial Officer