

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

**Summary of consolidated interim financial statements
for six-month period ended on 30 June 2016**

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

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I. CONSOLIDATED PROFIT AND LOSS ACCOUNT – COSTS BY FUNCTION

(In thousands of euros)	Note	Six-month period ended on 30 June	
		2016	2015
Revenue	5	1,837,119	1,952,576
Costs to sell	6, 7	(1,410,569)	(1,509,135)
Gross profit		426,550	443,441
Other income		1,003	11,954
Sale and administrative expenses	6, 7	(270,301)	(297,093)
Other expenses	8	(7,550)	(14,876)
Investment accounted for using the equity method	13	(1,472)	(721)
Operating profit/loss (EBIT)		148,230	142,705
Finance income	9	56	3,069
Finance expenses	9	(22,526)	(26,196)
Net financial expenses	9	(22,470)	(23,127)
Profit before tax		125,760	119,578
Income tax	20	(45,049)	(42,600)
Post-tax profit from continuing operations		80,711	76,978
Profit/(loss) for the year from interrupted operations		-	-
Consolidated profit for the period		80,711	76,978
Attributable to:			
Owners of the parent		80,717	77,556
Non-controlling interests		(6)	(578)
Earnings per share from continuing operations attributable to the owners of the parent (Euros per share)			
- Basic	16	0.13	0.13
- Diluted	16	0.13	0.13
Earnings per share from interrupted operations attributable to the owners of the parent (Euros per share)			
- Basic		-	-
- Diluted		-	-

The notes included on pages 10 to 43 form an integral part of this summary of consolidated interim financial statements

II. CONSOLIDATED COMPREHENSIVE PROFIT AND LOSS STATEMENT

(In thousands of euros)	Six-month period ended on 30 June	
	2016	2015
Profit/loss for the period	80,711	76,978
Other comprehensive income:		
Items which are reclassified to profit and loss		
Translation differences of financial statements of foreign operations	18,491	(21,334)
Total comprehensive income for the period, net of tax	99,202	55,644
Attributable to:		
- Owners of the parent	99,156	55,322
- Non-controlling interests	46	322
	99,202	55,644

The notes included on pages 10 to 43 form an integral part of this summary of consolidated interim financial statements

III. CONSOLIDATED FINANCIAL STATEMENT

(In thousands of euros)	Note	30 June 2016	31 December 2015
ASSETS			
Property, plant and equipment	11	494,916	467,101
Goodwill	11	515,225	494,151
Other intangible assets	11	253,488	245,972
Investment property	11	70,935	83,678
Investments accounted for using the equity method	13	38,259	18,328
Non-current financial assets	12	7,505	8,324
Deferred tax assets		171,698	163,959
Non-current assets		1,552,026	1,481,513
Inventory	15	86,103	69,695
Trade and other receivables		909,081	838,312
Current tax asset		65,556	68,001
Non-current assets held for sale		448	448
Other financial assets	12	2,105	739
Cash and cash equivalents	14	260,658	316,434
Current assets		1,323,951	1,293,629
Total assets		2,875,977	2,775,142
EQUITY			
Share capital	16	37,027	37,027
Share premium	16	25,472	25,472
Treasury stock	16	(53,315)	(53,493)
Translation differences		(496,078)	(514,517)
Accumulated earnings and other reserves		1,219,014	1,205,467
Equity attributable to equity holders of the Parent		732,120	699,956
Non-controlling interests		483	(330)
Total equity		732,603	699,626
LIABILITIES			
Financial Liabilities	19	590,091	617,291
Deferred tax liabilities		112,790	116,838
Provisions	17	209,508	178,440
Non-current liabilities		912,389	912,569
Trade and other payables		756,807	692,677
Current tax liabilities		49,821	82,725
Financial Liabilities	19	376,156	338,249
Provisions	17	7,011	8,133
Other current liabilities		41,190	41,163
Current liabilities		1,230,985	1,162,947
Total liabilities		2,143,374	2,075,516
Total equity and liabilities		2,875,977	2,775,142

The notes included on pages 10 to 43 form an integral part of this summary of consolidated interim financial statements

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED ON 30 JUNE 2016

(In thousands of euros)

	Equity attributable to equity holders of the Parent					Total	Minority interests	Total equity
	Capital (Note 16)	Share premium (Note 16)	Own shares (Note 16)	Translation differences	Accumulated earnings and other reserves			
Saldo a 1 de enero de 2016	37,027	25,472	(53,493)	(514,517)	1,205,467	699,956	(330)	699,626
Total comprehensive income for the period ended 30 June 2016	-	-	-	18,439	80,717	99,156	46	99,202
Dividends for 2015	-	-	-	-	(68,189)	(68,189)	-	(68,189)
Other movements	-	-	178	-	1,019	1,197	767	1,964
Saldo a 30 de junio de 2016	37,027	25,472	(53,315)	(496,078)	1,219,014	732,120	483	732,603

The notes included on pages 10 to 43 form an integral part of this summary of consolidated interim financial statements

PERIOD ENDED ON 30 JUNE 2015

(In thousands of euros)

	Equity attributable to equity holders of the Parent						Total	Minority interests	Total equity
	Capital (Note 16)	Share premium (Note 16)	Own shares (Note 16)	Other own equity instruments	Translation differences	Accumulated earnings and other reserves			
Saldo a 1 de enero de 2015	37,027	25,472	(53,493)	3,401	(245,156)	1,085,402	852,653	11,408	864,061
Total comprehensive income for the period ended 30 June 2015	-	-	-	-	(22,234)	77,556	55,322	322	55,644
Dividends for 2014	-	-	-	-	-	(65,947)	(65,947)	-	(65,947)
Other movements	-	-	-	(3,401)	-	1,028	(2,373)	(11,586)	(13,959)
Saldo a 30 de junio de 2015	37,027	25,472	(53,493)	-	(267,390)	1,098,039	839,655	144	839,799

The notes included on pages 10 to 43 form an integral part of this summary of consolidated interim financial statements

V. CONSOLIDATED CASH FLOW STATEMENT

	Note	Six-month period ended on 30 June	
		2016	2015
(In thousands of euros)			
Cash flows from operating activities			
Profit/loss for the period		80,711	76,978
<i>Adjustments for:</i>			
Depreciation and amortisation	6, 11	55,104	64,110
Impairment losses on non-current assets	8	103	9,656
Impairment losses on trade receivables and stock	8, 15	6,784	5,037
Impairment losses on other financial assets	9	-	3,027
Investments accounted for using the equity method	13	1,472	721
Other revenues and expenses		-	(11,113)
Change in provisions	17	21,320	32,211
Finance income	9	(56)	(3,069)
Finance expenses	9	22,526	23,169
Gains/losses on derecognition and sale of property, plant and equipment	8	558	753
Income tax	20	45,049	42,600
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		(20,477)	(15,042)
Trade and other receivables		(78,672)	(57,495)
Trade and other payables		20,815	31,030
Payment of provisions		(13,350)	(40,962)
Other liabilities		(985)	(4,670)
Cash from operating activities			
Interest paid		(20,274)	(19,338)
Income tax paid		(52,056)	(72,904)
Net cash from operating activities		68,572	64,699
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of financial assets		829	8,009
Interest collection		56	114
Acquisition of subsidiaries, net of cash and cash equivalents	22	(3,069)	(2,280)
Acquisition of property, plant and equipment	11.1	(56,188)	(52,027)
Acquisition of intangible assets	11.4	(5,136)	(6,769)
Acquisition of investment property	11.2	-	(38,245)
Acquisition of joint ventures, net of cash and cash equivalents	13	(19,890)	-
Acquisition of financial assets		(1,366)	(118)
Net cash from investing activities		(84,764)	(91,316)
Cash flows from financing activities			
Proceeds from loans and borrowings		78,149	76,346
Payments for loans and borrowings		(43,214)	(34,626)
Payments for other financial liabilities		(35,325)	(21,387)
Dividends paid	16.4	(31,955)	(31,950)
Net cash from financing activities		(32,345)	(11,617)
Net increase (decrease) in cash and cash equivalents		(48,537)	(38,234)
Cash and cash equivalents at the beginning of period		316,434	285,056
Effect of exchange differences		(7,239)	1,868
Cash and cash equivalents at the end of the period		260,658	248,690

The notes included on pages 10 to 43 form an integral part of this summary of consolidated interim financial statements

VI. EXPLANATORY NOTES TO THE SUMMARY OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

Prosegur is a business group comprised 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, Luxemburgo, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, South Africa, Lesotho, Namibia, Nigeria and Australia.

Prosegur is organised into the following geographical areas:

- Europa & ROW, substituting the previous geographical area Europe & Asia-Pacific as a consequence of Africa being included.
- Latin America (LatAm),

The services rendered by Prosegur are classed into the following activity lines:

- Integrated Security Solutions (ISS),
- Cash in transit (CIT) and cash management,
- Alarms.

Prosegur is controlled by Gubel S.L., a company incorporated in Madrid, holding 50.075% of the shares in Prosegur Compañía de Seguridad, S.A., which consolidates Prosegur's financial statements.

Prosegur Compañía de Seguridad, S.A. is a public limited company, with shares listed on the Madrid and Barcelona Stock Exchanges and traded through the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is 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 provide 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.

The consolidated and individual annual accounts of Prosegur Compañía de Seguridad, S.A. for financial year 2015 were approved by the General Shareholders Meeting held on 27 April 2016.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A. is the parent company of a group formed of subsidiary companies, listed in Appendix I to the Notes to the consolidated annual accounts as of 31 December 2015. Likewise, Prosegur holds Joint Agreements (Note 15, Note 16 and Appendix II to the Notes to the consolidated annual accounts as of 31 December 2015).

Prosegur also holds shares of under 20% of the share capital of other companies, over which it does not exert any significant influence (Note 17 to the consolidated annual accounts as of 31 December 2015).

Details of the principles applied for drawing up the Prosegur consolidated annual accounts and defining the consolidated group are provided in Note 35.2 and Note 2 to the consolidated annual accounts as of 31 December 2015.

2. Conditions for submission, estimates made and accountancy policies

This summary of Prosegur's consolidated interim financial statements, for the six-month period ended on 30 June 2016, were drawn up in accordance with IAS 34 "Interim financial reporting".

In accordance with the provisions of IAS 34, interim financial reports are drawn up with the sole intention of updating the content of the latest annual accounts drawn up by Prosegur, with emphasis on new activities, events and circumstances that have occurred during the six-month period ended on 30 June 2016, and not duplicating the information published previously in the consolidated annual accounts for financial year 2015.

Due to the above, and for appropriate understanding of the information included in this summary of consolidated interim financial statements, it must be read jointly with Prosegur's consolidated annual accounts for the financial year ended on 31 December 2015, which were drawn up in accordance with International Financial Reporting Standards, adopted for use in the European Union and approved by current European Council Regulations and other provisions in applicable financial reporting standards (IFRS_EU).

The estimates, made depending on the best available information, are the same as those indicated in the Notes to the consolidated annual accounts for financial year 2015. During the six-month period ended on 30 June 2016, there were no significant changes to the estimates made at year end 2015.

Except for Appendix I, the accountancy policies applied for this summary of consolidated interim financial statements on 30 June 2016 are the same as those applied for drawing up Prosegur's consolidated annual accounts on 31 December 2015, details of which are included in Note 35 of those consolidated annual accounts.

Corporate Tax for the six-month period ended on 30 June 2016 is calculated using the tax rate which is expected to be applicable to profits for the financial year.

Comparative information

Each of the entries on the consolidated financial statement, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the summary of interim financial statements include comparative figures for the previous year, apart from the figures for the six-month period ended on 30 June 2016, except the consolidated statement of financial position that includes the figures corresponding to the twelve month period ending 31 December 2015.

3. Changes in the composition of the Group

Appendix I to the consolidated annual accounts for the financial year ended on 31 December 2015 provides relevant information regarding the Group companies that were consolidated on that date.

During the first six months of financial year 2016, the following merger took place between Prosegur subsidiaries:

- ✓ In May 2016, Prosegur Securite Nord SAS merged with and into Prosegur Securite Humaine SAS in France.
- ✓ In May 2016, Prosegur Securite Est SAS merged with and into Prosegur Securite Humaine SAS in France.

Furthermore, the following companies were incorporated during the first six months of 2016:

- ✓ 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, Prosegur CIT Holding S.L.U. was incorporated in Spain.
- ✓ 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.

4. Events that have taken place since year end 2015

Further to the content of Note 3 regarding changes in the composition of the Group, the most relevant events and transactions that took place during the first six months of 2016 are listed below:

Through various funds managed by FMC LLC, in January 2016, the company's shareholdings reached a total of 18,755,993 shares, equivalent to over 3% of Prosegur's shareholding structure.

5. Revenue

The list of revenue for the periods ended on 30 June 2016 and 2015 is as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Provision of services	1,759,150	1,871,673
Goods sold	7,681	4,954
Operating lease revenues	70,288	75,949
Total revenues	1,837,119	1,952,576

Operating lease revenues contains revenues from alarm system rentals.

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

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

The main expense items under the headings of costs to sell and sale and administrative expenses on the profit and loss account for the six-month periods ended on 30 June 2016 and 2015 are listed below:

		Thousands of euros	
		Period ended 30 June	
		2016	2015
Supplies		83,412	74,943
Employee benefits expense	(Nota 7)	1,127,775	1,198,261
Operating leases		22,568	25,040
Supplies and external services		102,441	109,537
Depreciation and amortisation		25,194	28,651
Other expenses		49,179	72,703
Total costs to sell		1,410,569	1,509,135
Supplies		1,892	1,907
Employee benefits expense	(Nota 7)	136,221	148,628
Operating leases		19,100	19,864
Supplies and external services		52,771	55,443
Depreciation and amortisation		29,910	35,459
Other expenses		30,407	35,792
Total sale and administrative expenses		270,301	297,093

Total supplies in the consolidated income statement for the six-month period ended on 30 June 2016 amount to EUR 85,304 thousand (2015: EUR 76,850 thousand).

7. Employee benefits expense

Details of employee benefits costs for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Salaries and wages	933,069	1,031,196
Social Security	245,207	260,804
Other employee benefits expenses	58,005	27,175
Termination payments	27,715	27,714
Total employee benefits expense	1,263,996	1,346,889

Note 35.18 to Prosegur's consolidated annual accounts on 31 December 2015 states that the 2014 Plan, which is connected to the creation of value during the period from 2012 to 2014, was approved at the General Shareholder's Meeting held on 29 May 2012.

At the General 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.

In relation to the 2014 and 2017 long-term incentive plan for the CEO and Senior Management of Prosegur, expense accrued during the first six months of 2016, amounting to EUR 2,130 thousand has been included in Salaries and wages (on 30 June 2015: EUR 1,950 thousand) (Note 17).

8. Other expenses

Details of other expenditure on the income statement for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Impairment losses on trade receivables	(6,161)	(4,467)
Impairment losses on non-current assets (Note 11.1)	(103)	(9,656)
Net gains/losses on disposal of fixed assets	(558)	(753)
Other expenses	(728)	-
Total other expenses	(7,550)	(14,876)

9. Net financial expenses

The net financial costs for the six-month periods ended on 30 June 2016 and 2015 are broken down as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Interest paid	(13,888)	(14,964)
Interest received	56	109
Dividends received	-	5
Net gains/losses on foreign currency transactions	(4,116)	2,955
Financial cost of leasing transactions	(975)	(990)
Impairment losses/profit from investments in equity instruments	-	(3,027)
Other net financial income and costs	(3,547)	(7,215)
Total net financial expenses	(22,470)	(23,127)

During the first six months of 2015, there was a loss of EUR 3,027 thousand due to impairment in the fair value of available-for-sale financial assets.

10. Segment reporting

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.

The Board of Directors analyses business at parent level on two fronts: by geographical area and by activity. From a geographical perspective, two segments are identified: Europa & ROW and Latin America (LATAM), which, in turn, includes the activity segments identified as Integrated Security Solutions (SIS), Cash in Transit (CIT) and Alarms.

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

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

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

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A. AND SUBSIDIARIES

Details of revenue by segments for the six-month periods ended on 30 June 2016 and 2015 are as follows:

Thousands of euros	Europe & ROW		LatAm		Total	
	on 30 June 2016	on 30 June 2015	on 30 June 2016	on 30 June 2015	on 30 June 2016	on 30 June 2015
Integrated Security Solutions	486,139	465,869	450,601	513,946	936,740	979,815
<i>% of total</i>	60%	60%	44%	44%	51%	50%
CIT and cash management	266,287	259,792	528,469	609,483	794,756	869,275
<i>% of total</i>	33%	33%	52%	52%	43%	45%
Alarms	63,006	53,484	42,617	50,002	105,623	103,486
<i>% of total</i>	7%	7%	4%	4%	6%	5%
Total sales	815,432	779,145	1,021,687	1,173,431	1,837,119	1,952,576

Details of EBITDA and EBIT by segment are as follows:

Thousands of euros	Europe & ROW		LatAm		Total	
	2016	2015	2016	2015	2016	2015
Sales to external customers	815,432	779,145	1,021,687	1,173,431	1,837,119	1,952,576
Other net expenses	(765,927)	(727,355)	(866,386)	(1,014,968)	(1,632,313)	(1,742,323)
Losses from investment accounted	(1,472)	(721)	-	-	(1,472)	(721)
EBITDA	48,033	51,069	155,301	158,463	203,334	209,532
Depreciation and amortisation	(23,018)	(25,146)	(32,086)	(38,964)	(55,104)	(64,110)
Impairment losses	-	(2,717)	-	-	-	(2,717)
EBIT	25,015	23,206	123,215	119,499	148,230	142,705

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

	Thousands of euros	
	on 30 June 2016	on 30 June 2015
EBIT allocated to segments	148,230	142,705
Net financial expenses	(22,470)	(23,127)
Profit before tax	125,760	119,578
Income tax	(45,049)	(42,600)
Post-tax profit from continuing operations	80,711	76,978
Non-controlling interests	(6)	(578)
Profit for the period attributable to owners of the parent	80,717	77,556

Details of the assets allocated to segments and conciliation with total assets as of 30 June 2016 and as of 31 December 2015 are as follows:

Thousands of euros	Europe & ROW		LatAm		Not allocated to segments		Total	
	on 30 June 2016	on 31 December 2015	on 30 June 2016	on 31 December 2015	on 30 June 2016	on 31 December 2015	on 30 June 2016	on 31 December 2015
Assets allocated to segments	968,288	920,180	1,566,486	1,445,787	-	-	2,534,774	2,365,967
Other unallocated assets	-	-	-	-	341,203	409,175	341,203	409,175
Other non-current financial assets	-	-	-	-	7,505	8,324	7,505	8,324
Investment property	-	-	-	-	70,935	83,678	70,935	83,678
Other current financial assets	-	-	-	-	2,105	739	2,105	739
Cash and cash equivalents	-	-	-	-	260,658	316,434	260,658	316,434
	968,288	920,180	1,566,486	1,445,787	341,203	409,175	2,875,977	2,775,142

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A. AND SUBSIDIARIES

Details of the liabilities allocated to segments and conciliation with total liabilities as of 30 June 2016 and as of 31 December 2015 are as follows:

	Europe & ROW		LatAm		Not allocated to segments		Total	
	on 30 June 2016	on 31 December 2015	on 30 June 2016	on 31 December 2015	on 30 June 2016	on 31 December 2015	on 30 June 2016	on 31 December 2015
Thousands of euros								
Liabilities allocated to segments	540,441	528,659	689,213	670,380	-	-	1,229,654	1,199,039
Other unallocated liabilities	-	-	-	-	913,720	876,477	913,720	876,477
Loans and borrowings	-	-	-	-	913,720	876,477	913,720	876,477
	540,441	528,659	689,213	670,380	913,720	876,477	2,143,374	2,075,516

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

	Revenue		Non-current assets allocated to segments	
	on 30 June 2016	on 30 June 2015	on 30 June 2016	on 31 December 2015
Thousands of euros				
Parent company country (Spain)	460,527	429,672	281,019	290,037
Brazil	397,010	473,126	454,210	385,264
Argentina area	396,909	460,794	189,945	203,437
Other countries	582,673	588,984	548,412	510,773
	1,837,119	1,952,576	1,473,586	1,389,511

Argentina area is composed for Argentina, Paraguay y Uruguay

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

11.1. Property, plant and equipment

Details of movements of property, plant and material for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
<u>Cost</u>		
Balance at the start of the period	965,303	1,006,964
Additions	58,678	52,027
Business Combinations	249	64
Derecognition due to disposals or other means	(11,427)	(6,248)
Translation differences	22,577	(9,145)
Balance at the end of the period	1,035,380	1,043,662
<u>Accumulated amortisation</u>		
Balance at the start of the period	(498,202)	(500,425)
Derecognition due to disposals or other means	8,160	4,999
Provisions charged to profit/loss account	(35,124)	(40,629)
Translation differences	(15,195)	4,394
Provision for impairment recognised in profit and loss	(103)	(124)
Balance at the end of the period	(540,464)	(531,785)
<u>Net assets</u>		
Balance at the start of the period	467,101	506,539
Balance at the end of the period	494,916	511,877

During the first six months of financial year 2016, Prosegur's investment in property, plant and equipment amounted to EUR 58,678 thousand (as of 30 June 2015: EUR 52,027 thousand). This investment corresponds mainly to acquisitions and fitting out bases and armoured vehicles in Spain, Argentina and Brazil.

11.2. Investment property

Details of movements of property investment for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Cost		
Balance at the start of the period	85,051	46,939
Additions	-	38,245
Translation differences	(12,212)	850
Balance at the end of the period	72,839	86,034
Accumulated amortisation		
Balance at the start of the period	(1,373)	(410)
Provisions charged to profit/loss account	(760)	(559)
Translation differences	229	8
Balance at the end of the period	(1,904)	(961)
Net assets		
Balance at the start of the period	83,678	46,529
Balance at the end of the period	70,935	85,073

During the first six months of financial year 2015, additions to Prosegur's property investment amounted to EUR 38,245. These additions were the acquisition of several floors of a property located in the city of Buenos Aires (Argentina).

11.3. Goodwill

Details of movements in goodwill for the six-month period ended on 30 June 2016 are as follows:

	Thousands of euros
Net amount on books on 31 December 2015	494,151
Additions to consolidated group	5,487
Translation differences	15,587
Net amount on books on 30 June 2016	515,225

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A. AND SUBSIDIARIES

During the six-month period ended on 30 June 2016, goodwill was incorporated from the following business combinations:

	Country	% ownership	Thousands of euros
MIV Gestión S.A. ⁽¹⁾	Spain	100%	837
Dognaedis Lda. ⁽¹⁾	Portugal	100%	1,423
Beagle Watch Armed Response Proprietary Limited ⁽¹⁾	South Africa	75%	3,156
Procesos Técnicos de Seguridad y Valores SAS ⁽¹⁾	Colombia	100%	71
			5,487

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

Note 22 lists the goodwill estimated in the above table.

As of 30 June 2016, there are no additional items triggering impairment with regard to recognised goodwill.

Details of movements in goodwill for the six-month period ended on 30 June 2015 were as follows:

	Thousands of euros
Net amount on books on 31 December 2014	532,219
Additions to consolidated group	1,364
New additions	222
Write offs	(3,042)
Translation differences	(4,724)
Net amount on books on 30 June 2015	526,039

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

	Country	% ownership	Thousands of euros
"Call Centre and Back Office" activity line	(Spain)	100%	1,128
Nanjing Zhong Dun Security Services	(China)	80%	236
			1,364

Additions pertained to adjustments to the value of the following goodwill:

	Country	Thousands of euros
Transvig-Transporte de Valores e Vigilancia LTDA	(Brazil)	222
		222

Derecognitions for the first six months of 2015 for the amount of EUR 3,042 thousand was mainly due to the adjustment made to the value of the goodwill allocated to the business combination of Imperial Dragon Security, Ltd, amounting to EUR 2,717 thousand, after verification of fair value.

11.4. Other intangible assets

Details of movements of intangible assets for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	Period ended 30 June	
	2016	2015
<u>Cost</u>		
Balance at the start of the period	491,954	561,828
Additions	5,136	15,441
Business Combinations	251	1,350
Derecognition due to disposals or other means	(1,202)	(1,979)
Translation differences	41,773	(17,517)
Balance at the end of the period	537,912	559,123
<u>Accumulated amortisation</u>		
Balance at the start of the period	(245,982)	(237,555)
Derecognition due to disposals or other means	72	1,191
Provisions charged to profit/loss account	(19,220)	(22,922)
Translation differences	(19,294)	7,229
Derecognition due to impairment	-	(14,837)
Balance at the end of the period	(284,424)	(266,894)
<u>Net assets</u>		
Balance at the start of the period	245,972	324,273
Balance at the end of the period	253,488	292,229

The additions for the first six months of financial year 2015 included the intangible assets allocated in the valuation of the following business combinations:

	Thousands of euros	
	Customer portfolio	Total
"Call Centre and Back Office" activity line	1,350	1,350
	1,350	1,350

The impairments for the first six months of financial year 2015 corresponded to the intangible assets for the business combination of Imperial Dragon Security, Ltd. The recoverable amount of these assets is determined based on their value in use. These calculations are based on cash flow projections, excluding the effects of potential future improvements in the return on assets, from the four-year financial budgets approved by Management.

12. Financial assets

The breakdown of the available-for-sale financial assets and other current and non-current financial assets on 30 June 2016 and on 31 December 2015 is as follows:

	Thousands of euros	
	<u>30/06/2016</u>	<u>31/12/2015</u>
Available-for-sale financial assets	3,610	3,775
Deposits and guarantees	3,230	3,564
Other non-current financial assets	665	985
Total non-current financial assets	<u>7,505</u>	<u>8,324</u>
Other current financial assets	<u>2,105</u>	<u>739</u>

a) Available-for-sale financial assets

During the first six months of financial year 2016, no purchases, sales, emissions or settlements were made for financial assets maintained for sale.

In 2015, Prosegur derecognised its entire investment in the 33% shareholding in the investment vehicle Capitolotre, S.P.A., acquired by the Company on 19 December 2007, as indicated in Note 17 to Prosegur's consolidated annual accounts on 31 December 2015, recognising a loss due to impairment of the amount of EUR 3,027 thousand. (Note 9).

On 23 December 2015, the Company has signed an agreement, subject to a condition precedent with Accadiesse S.P.A., whereby the shareholding of Prosegur in Capitolotre, S.P.A., shall be transferred to the company itself, without expecting any consideration from Prosegur.

b) Other non-current financial assets

On 31 December 2015, this heading includes deposits mainly maturing in 2019.

13. Investments accounted for using the equity method

13.1. Joint arrangements

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

Details of movements in investment in joint businesses recognised using the equity method for the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	<u>30/06/2016</u>	<u>30/06/2015</u>
Balance on 1 January	18,328	12,580
New additions	19,890	-
Share of profit/loss	(1,472)	(721)
Translation differences	1,513	710
Balance on 30 June	<u>38,259</u>	<u>12,569</u>

Details of the main magnitudes of investment recognised using the equity method at year end 2015 are included in Appendix IV to the consolidated annual accounts for the financial year ended on 31 December 2015.

The recognitions mainly correspond to Prosegur's subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, making it the largest shareholder. SBV Services Proprietary Limited operates in the cash in transit and cash management sector. This transaction was completed on 25 February 2016.

The terms of contract for Prosegur subscribing to shares in SBV has a hybrid nature, as it includes an implicit derivative. From February 2019 to February 2021, Prosegur holds an option for 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 on 25 February 2016 and, where applicable, the shareholder selling the shares will be obliged to repurchase any shares that it may have subsequently transferred to 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.

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

In addition, the 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 their purchase, plus market interest increased by a certain margin.

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.

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

14. Cash and cash equivalents

Details of this heading on 30 June 2016 and 31 December 2015 is as follows:

	Thousands of euros	
	<u>30/06/2016</u>	<u>31/12/2015</u>
Cash and banks	225,089	267,119
Current bank deposits	35,569	49,315
	<u>260,658</u>	<u>316,434</u>

The effective interest rate on current bank deposits was 13.88% (on 31 December 2015: 9.23%) and the average term that deposits were kept during the first six months of 2016 was 54 days (on 31 December 2015: 25 days).

15. Inventory

Details of stock on 30 June 2016 and 31 December 2015 are as follows:

	Thousands of euros	
	<u>30/06/2016</u>	<u>31/12/2015</u>
Work in progress	28,077	30,216
Goods for resale, fuel and other	52,866	32,146
Operating materials	2,225	5,399
Uniforms	8,126	7,294
Stock impairment	(5,191)	(5,360)
	<u>86,103</u>	<u>69,695</u>

No inventories have been pledged as collateral to secure loans.

The movement in impairment losses for the six-month periods ended on 30 June 2016 and 30 June 2015 is as follows:

	Thousands of euros	
	<u>30/06/2016</u>	<u>30/06/2015</u>
Balance on 1 January	(5,360)	(3,438)
Additions	(623)	(672)
Applications and other	962	102
Translation differences	(170)	(5)
Balance on 30 june	<u>(5,191)</u>	<u>(4,013)</u>

16. Equity

16.1. Share Capital

The share capital is made up of:

	Thousands	Thousands of euros			
	Number of shares	Share capital	Share premium	Treasury stock	Total
1 January 2015	617,125	37,027	25,472	(53,493)	9,006
31 December 2015	617,125	37,027	25,472	(53,493)	9,006
30 June 2016	617,125	37,027	25,472	(53,315)	9,184

On 30 June 2016, 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).

16.2. Share premium

There is a share premium amounting to EUR 25,472 thousand, freely available, which did not undergo any variation throughout financial year 2015 or in the six-month period ended on 30 June 2016.

16.3. Treasury stock

Details of movements in the treasury stock account during the six-month period ended on 30 June 2016 are as follows:

	Number of shares	Thousands of euros
Balance on 31 December 2015	18,756,890	53,493
Other distributions	(62,020)	(178)
Balance on 30 June 2016	18,694,870	53,315

16.4. Dividends

Details of the dividends paid by the parent company during the six-month periods ended on 30 June 2016 and 30 June 2015 are as follows:

	Period ended on 30 June 2016			Period ended on 30 June 2015		
	% of Nominal	Gross euros per share	Amount (thousands of euros)	% of Nominal	Gross euros per share	Amount (thousands of euros)
Ordinary shares	86.29	0.05	31,955	86.29	0.05	31,950
Other shares (no vote, redeemable, etc.)	-	-	-	-	-	-
Total dividends paid	86.29	0.05	31,955	86.29	0.05	31,950
a) Dividends charged to profit/loss	86.29	0.05	31,955	86.29	0.05	31,950
a) Dividends charged to reserves or issue premium	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

On 15 January 2016, the third payment of the dividend was paid and posted to financial year 2014, amounting to EUR 16,487 thousand (at a rate of EUR 0.02670000 gross per share in circulation, equivalent to EUR 0.02162700 net per share).

On 15 April 2016, the fourth and last payment of the dividend was made and posted to financial year 2014, amounting to EUR 16,487 thousand (the rate of EUR 0.02670000 gross per share in circulation, equivalent to EUR 0.02162700 net per share).

The General Meeting of Shareholders, held on 27 April 2016, approved the distribution of a dividend of EUR 0.11049470 per share in circulation on each payment date, which means a total maximum dividend of EUR 68,189 thousand, considering that the capital is divided up into 617,124,640 shares on 30 June 2016. 25% of this sum was paid to the shareholders on 15 July 2016. The amount not distributed as a dividend out of the total maximum agreed, due to the treasury shares existing on each payment date, will be for voluntary reserves.

Therefore, the payment on 15 July 2016 means a gross amount of EUR 0.02762500 per share in circulation and with financial rights on that date, equivalent to a net sum of EUR 0.02237625 per share.

The remaining payments, until the approved dividend of EUR 0.1105 per share is paid, considering that the capital is divided up into 617,124,640 shares on 30 June 2016, will be paid in the months of October 2016, January 2017 and April 2017.

16.5. Earnings per share

- **Basic**

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

	Thousands of euros	
	30/06/2016	30/06/2015
Profit for the year attributable to owners of the parent	80,717	77,556
Weighted average number of ordinary shares outstanding	598,388,423	598,367,750
Basic earnings per share	0.13	0.13

- **Diluted**

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

	Thousands of euros	
	30/06/2016	30/06/2015
Profit for the year attributable to owners of the parent	80,717	77,556
(Diluted) weighted average number of ordinary shares outstanding	598,388,423	598,367,750
Diluted earnings per share	0.13	0.13

17. Provisions

The composition of the balance and details of movements under this heading during the six-month period ended on 30 June 2016 are shown in the following chart:

Thousands of euros	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Accrued obligations to personnel	Other risks	Total
Balance on 1 January 2016	84,274	8,913	3,821	6,439	6,035	77,091	186,573
Provisions charged to income statement	21,135	6,279	-	-	2,130	13,079	42,623
Reversals credited to income statement	(11,829)	(5,285)	-	-	-	(4,189)	(21,303)
Applications	(9,534)	(426)	(492)	-	(988)	(1,910)	(13,350)
Translation differences	10,521	633	-	362	-	10,455	21,971
Balance on 30 June 2016	94,567	10,114	3,329	6,801	7,177	94,526	216,514
Non-current 2015	94,567	10,114	-	6,731	5,882	92,214	209,508
Current 2015	-	-	3,329	70	1,295	2,317	7,011

a) Labour-related risks

The provisions for labour-related risks, that amount to EUR 94,567 thousand (31 December 2015: EUR 84,274 thousand), are calculated individually, based on the likelihood of estimated success or failure. 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. The country's labour legislation means the proceedings take a long time, leading to a provision of EUR 59,139 thousand in 2016 (2015: EUR 48,287 thousand).

Additionally, a provision is including amounting to EUR 14,034 thousand (31 December 2015: EUR 14,879 thousand) in relation to the business combination realised in 2005 with Transpev.

b) Legal risk

The provisions for legal risks, that amount to EUR 10,114 thousand (31 December 2015: EUR 8,913 thousand), correspond mainly to civil lawsuits, which are analysed on a case-by-case basis. 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.

c) Restructuring

The provisions correspond to acquiree Brinks Deutschland GmbH in 2013, which has a restructuring provision recognised that corresponds to estimates for the payment of severances for dismissal and other costs. The settlement of the provision is highly probable. While the moment of settlement is uncertain, it is highly probable that it will take place in the short term. During the first six months of financial year 2016, payments were made to the value of EUR 492 thousand.

d) Employee benefits

As indicated in Note 5.2 to the consolidated annual accounts for the year ended 31 December 2015, Prosegur has defined benefit plans in Germany, Brazil and France. The actuarial valuation performed by qualified actuaries regarding the value of the benefits promised is updated annually. The latest update took place at year end 2015 and is applicable to the current period.

The defined benefit plans in Germany and France consist of retirement and pension plans. Prosegur has a defined benefit plan in Brazil comprising post-employment healthcare offered to employees in Brazil, compliant with local legislation (Law 9656).

e) Accrued obligations to personnel

These provisions include the accrued incentive, payable in cash, for the 2014 and 2017 Plans.

During this period, an endowment was made and charged to the profit/loss account for the year, amounting to EUR 2,130 thousand. Said amount includes the fair value adjustment of share prices for the 2014 Plan and the corresponding accrual for the 2017 Plan.

EUR 988 thousand were applied in 2016, corresponding to the application of part of the settlement of the 2014 Plan.

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 has been classed as current provisions for a value of EUR 1,295 thousand, given the fact that the maturity of this commitment shall take place in financial year 2016 and financial year 2017 (Note 7).

f) Other risks

Tax risk

The provisions for legal risks, that amount to EUR 94,531 thousand (31 December 2015: EUR 77,091 thousand), mainly include tax risks for Brazil and Argentina amounting to EUR 69,748 thousand (31 December 2015: EUR 54,692 thousand).

The tax risks associated with Brazil are mainly related to municipal and state claims for indirect taxes, along with provisions from the Nordeste business combination. In Argentina, they are related to diverse insignificant amounts individually related to direct and indirect municipal and provincial taxes.

The variation in the provisions for tax risks with regard to 31 December 2015 is mainly due to an increase in the provisions relating to indirect municipal and state taxes in Brazil associated with mainly old tax risks for which the likelihood of happening 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. The respective analysis and assessment by an independent expert are set out in a letter for determining these parameters for the most significant risk at year end. The level of provision is adapted based on this

Overtime costs

Provisions for the price of overtime are the result of the suit filed against the articles of the State Collective Bargaining Agreement for Security Companies for 2005-2008 that set the overtime rates for security guards. Based on its best estimates, Prosegur recognises the provisions for the years that have passed from the start of the Trade Agreement (1 January 2005) to close of business on 30 June 2016. The total provision for this item on 30 June 2016 amounts to EUR 3,493 thousand (on 31 December 2015: EUR 3,531 thousand).

During the six-month period ended on 30 June 2016, payments were made of EUR 38 thousand, corresponding to the agreements made with some of the plaintiff employees (on 30 June 2015: EUR 200 thousand) and income has not been recognised in the profit/loss account for this item (on 30 June 2015: EUR 0 thousand).

Comcare Australia

In 2016, payments were made for commitments associated with Australia's occupational accident insurance plan amounting to EUR 700 thousand, for a total provision of EUR 4,670 thousand (31 December 2015: EUR 5,002 thousand), of which, EUR 754 thousand mature in the short term (31 December 2015: EUR 1.017 thousand).

18. Suppliers

Below we detail the information required by the Third additional provision of Law 15/2010 of 5 July (amended by the Second final provision of Law 31/2014, of 3 December) drafted in agreement with ICAC [Institute of Account Auditors] Resolution of 29 January 2016, on the information to include in connection with average payment terms to suppliers in commercial transactions.

	30/06/2016
	Days
Average payment period for suppliers	95
Ratio of paid operations	77.0
Ratio of operations pending payment	283.0
	Thousands of euros
Total payments made	165,324
Total payments pending	15,678

In agreement with ICAC's Resolution, the transactions considered to compute the average payment term of suppliers are commercial transactions relating to the handover of goods or provision of services accrued from the date of entry into force of Law 31/2014 of 3 December. The information on supplier payments refers exclusively to companies located in Spain that are consolidated by 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 provision 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 2015 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).

19. Financial Liabilities

The breakdown of the balances under this heading on the consolidated financial statement on 30 June 2016 and on 31 December 2015 is as follows:

Thousands of euros	30/06/2016		31/12/2015	
	Non-current	Current	Non-current	Current
Debentures and other negotiable securities	498,447	3,437	498,016	10,312
Loans and borrowings	35,187	238,999	32,320	166,953
Finance lease payables	11,342	7,146	12,318	8,004
Credit accounts	38,295	99,354	48,019	120,857
Other payables	6,820	27,220	26,618	32,123
	590,091	376,156	617,291	338,249

Note 24 of the consolidated financial statements for financial year ended 31 December 2015 gives details of the most significant entries that make up the balance on that date.

During the six-month period ended on 30 June 2016, there were no non-payments or breaches of agreement in relation to loans and debts granted to Prosegur.

Syndicated Loan (Spain)

On 12 June 2014, Prosegur subscribed a new five-year syndicated credit financing facility of EUR 400,000 thousand to defer the maturities of part of Prosegur's debt. On 18 March 2015, a novation was signed for the syndicated credit, which mainly changed the date, postponing it until 18 March 2020. On 30 June 2016, the available balance amounts to EUR 40,000 thousand (on 31 December 2015, the available balances amounts to EUR 50,000 thousand).

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 outstanding amount on 30 June 2016 is BRL 47,289 thousand, equivalent to: EUR 13,173 thousand (on 31 December 2015: BRL 70,933 thousand; exchange value: EUR 16,452 thousand).

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

Amortisation date	Amount	Thousands of euros
		Outstanding balance
7 September 2016	6,587	6,587
7 March 2017	6,587	

Syndicated loan (Australia)

In December 2013, Prosegur arranged a three-year syndicated financing facility of AUD 70,000 thousand to finance the acquisition of security companies, by means of its subsidiaries Prosegur Australia Holdings PTY Limited and Prosegur Australia Investments PTY Limited. On 31 June 2016, the capital drawn down from the syndicated loan was AUD 70,000 thousand (equivalent at the end of the first six months of 2016 to: EUR 46,889 thousand). The contract stipulates one sole repayment for the entirety thereof at maturity.

Debentures and other negotiable securities

On 2 April 2013, simple bonds were issued for a nominal amount of EUR 500,000 million, maturing on 2 April 2018. The bonds are listed on the secondary market, on the Irish Stock Exchange. They accrue a coupon of 2.75% per annum payable yearly on maturity.

Bailment

Prosegur in Australia has signed an agreement for bailment facilities for the supply of cash to automated teller machines belonging to Prosegur. The cash is, in accordance with the contract, the property of the supplier of the bailment facilities. Prosegur has access to this money for the sole purpose of loading cash into its own ATMs, which are supplied under the terms of this contract. The settlement of the corresponding assets and liabilities is carried out via regulated clearing systems, such as the right to offset balances. As a result of the foregoing, no assets and liabilities are shown in these consolidated financial statements for this item. The amount of cash in circulation on 30 June 2016 is AUD 27,700 thousand (equivalent to EUR 18,600 thousand).

Loan with credit institutions (South Africa)

To partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, Prosegur has taken out a 4-year bullet loan, for the amount of ZAR 272,000 thousand (EUR 16,539 thousand).

Other payables

Note 24 of the consolidated financial statements for financial year ended 31 December 2015 gives details of the most significant entries that make up the balance on that date.

The heading for other debts contains the amounts payable associated to business combinations created, which have experienced a decrease due to the payments made, mainly by Nordeste, whose payment amounted to EUR 34,330 thousand in 2016.

20. Taxation matters

Tax costs are recognised in the interim accountancy period based on the best estimate for the average weighted effective tax rate expected for the annual accountancy period. The amounts calculated for tax costs, in this interim accountancy period, may need to be adjusted in subsequent periods as long as estimates for the annual effective rate have changed by then.

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Current tax	56,836	54,422
Deferred tax	(11,787)	(11,822)
Total	45,049	42,600

	Thousands of euros	
	Period ended 30 June	
	2016	2015
Income tax expenditure	45,049	42,600
Profit before tax	125,760	119,578
Effective tax rate	35.82%	35.62%

On 17 June 2013 the parent company was informed of the commencement of a general tax inspection for all years open to inspection (2008, 2009 and 2010) in relation to corporate income tax, withholdings on account of non-resident income tax and withholdings on account of investment capital. In addition, the Company was informed of the start of an inspection process of a partial nature of withholdings on income from work, for the same periods. Likewise, tax inspection in relation to Withholdings of Non-Resident Tax and Withholdings on non-real estate assets was extended to financial year 2011. As a consequence of such actions, the following documents were signed:

- Signed certificates of conformity with:
 - Withholdings of Non-Resident Tax with no instalments.
 - Withholdings of non-real estate tax with no instalments.
 - Corporate Tax amounting to EUR 3,550 thousand.

There is also an agreement signed in relation to Corporate Tax, for an amount of EUR 3,063 thousand.

- Signed certificates of non-conformity with:
 - Withholdings of Income Tax amounting to EUR 554 thousand.
 - Corporate Tax amounting to EUR 20,040 thousand.

The aforementioned Tax Records signed in Disagreement are currently the subject of an appeal filed with the Economic-Administrative Court. In the case of the certificate of non-conformity in relation to Corporate Tax, Prosegur expects a favourable ruling and, in relation to the certificate referring to the Income Tax Withholdings, provisions have been made for the amount and also for the total interests accrued. External advisors for Prosegur believe that it is unlikely that these will lead to losses for the Company.

On 10 May 2016, a partial inspection was opened regarding the corporate tax item for financial years 2011 to 2014 with the aim of reviewing freedom of amortisation and payments to directors. The Company has not registered any provision for this inspection, given that, to date, there are no indications of any regularisation.

The remaining Group 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 do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

21. Contingencies

Note 28 to the consolidated annual accounts for the financial year ended on 31 December 2015 provides relevant information regarding the Group companies that were consolidated on that date.

On 22 April 2015, the National Commission of Markets and Competition initiated a case against the parent company and its subsidiary Prosegur Servicios de Efectivo España S.L.U (formerly Prosegur España S.L.U), together with another competitor on the Spanish market in connection with potential practices restricting competition prohibited under article 1 of Law 15/2007, of 3 July, on the Defence of Competition, in addition to article 101 of the Treaty of the Functioning of the European Union. The initiation of this case does not prejudice the final outcome of the investigation. The maximum period for the investigation and ruling on the case is 18 months from the aforementioned date.

On 14 June 2016, Prosegur was notified of the decision proposed by the Competition Division, rejecting the allegations made by the Company in the statement of facts.

The proceedings are currently still at the resolution phase before the Board of the Spanish National Markets and Competition Commission (CNMC, due to its Spanish initials) and Prosegur continues to reiterate that it does not agree with how the CNMC is classifying the facts.

The assessment made in due time by the National Commission of Markets and Competition may give rise to additional liabilities at such time as the procedure ended. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

22. Business combinations

Details of the variations that have occurred in goodwill during the first six months of financial year 2016 are reported in Note 11.3.

22.1. Goodwill included in 2016

Details of the net assets acquired and goodwill recognised on business combinations during the first six months of 2016 are as follows:

Thousands of euros	Segment to which allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
MIV Gestión S.A. ⁽¹⁾	Europe & ROW	698	443	1,141	304	837
Dognaedis Lda. ⁽¹⁾	Europe & ROW	60	1,451	1,511	88	1,423
Beagle Watch Armed Response Proprietary Limited ⁽¹⁾	Europe & ROW	2,155	3,311	5,466	2,310	3,156
Procesos Técnicos de Seguridad y Valores S.A.S ⁽¹⁾	LatAm	156	-	156	85	71
		3,069	5,205	8,274	2,787	5,487

⁽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 the first six months of 2016 been acquired on 1 January 2016, consolidated revenues would have been EUR 9,806 thousand higher in 2016 and consolidated net profit for the year would have been EUR 131 thousand higher.

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

Thousands of euros	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
MIV Gestión S.A. ⁽¹⁾	Spain	698	(303)	395
Dognaedis Lda. ⁽¹⁾	Portugal	60	(9)	51
Beagle Watch Armed Response Proprietary Limited ⁽¹⁾	South Africa	2,155	(35)	2,120
Procesos Técnicos de Seguridad y Valores S.A.S ⁽¹⁾	Colombia	156	(3)	153
		3,069	(350)	2,719

MIV Gestión S.A.

On 8 January 2016, Prosegur acquired 100% of the company MIV Gestión S.A. —a company that provides international transport services for valuable and vulnerable goods— in Spain. The total purchase price was

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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 revenues of EUR 1,337 thousand and profit for the year of EUR 29 thousand to the consolidated income statement for the first six months of 2016.

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

(Thousands of euros)	<u>Carrying amount of the acquiree</u>	<u>Fair value</u>
Cash and cash equivalents	303	303
Property, plant and equipment	16	16
Other non-current assets	10	10
Trade and other receivables	461	461
Trade and other payables	(477)	(477)
Current tax liabilities	(8)	(8)
Deferred tax	(1)	(1)
Identifiable net assets acquired	<u>304</u>	<u>304</u>

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

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 thousand (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 revenues of EUR 1,355 thousand and net loss of EUR 16 thousand to the consolidated income statement for the first six months of 2016.

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	2,397	2,397
Inventory	20	20
Trade and other payables	(176)	(176)
Other non-current liabilities	(81)	(81)
Financial Liabilities	(31)	(31)
Deferred tax	(40)	(40)
Identifiable net assets acquired	2,310	2,310

The goodwill on this acquisition was allocated to the Europe & ROW 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 revenues of EUR 97 thousand and net loss of EUR 38 thousand to the consolidated income statement for the first six months of 2016.

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
Trade 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	251
Financial debt	(45)	(45)
Identifiable net assets acquired	88	88

The goodwill on this acquisition was allocated to the Europe & ROW 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 revenues of EUR 2,216 thousand and profit for the year of EUR 68 thousand to the consolidated income statement for the first six months of 2016.

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
Trade and other payables	(501)	(501)
Current tax liabilities	(23)	(23)
Identifiable net assets acquired	85	85

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

22.2. Goodwill included in 2015 and not revised in 2016

Details of the net assets acquired and goodwill recognised for additions made in 2015 whose value has not been revised in 2016 are as follows:

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

Goodwill is not tax-deductible.

The cash outflow incurred to purchase these businesses, net 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
		<u>2,557</u>	<u>(24)</u>	<u>2,533</u>

"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. in Spain. The overall purchase price was EUR 2,186 million.

The acquiree was added to the consolidated group on 1 April 2015.

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

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

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

Nanjing Zhong Dun Security Services Co Ltd

On 2 June 2015, Prosegur acquired 80% of the company Nanjing Zhong Dun Security Services Co Ltd—a company specialising in the provision of surveillance services—in China. 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 consideration 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 on 30 June 2016 amounting to CNY 1,000 thousand (equivalent on the acquisition date to: EUR 147 thousand). 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.

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
Trade and other payables	(57)	(57)
Other intangible assets	-	205
Deferred tax	-	(51)
Identifiable net assets acquired	8	162

The goodwill on this acquisition was allocated to the Europe and ROW segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise licences (EUR 205 thousand) with a useful life of 20 years.

Centro Informático de Vigo S.A.

On 17 November 2015, Prosegur bought 100% of the company Centro Informático de Vigo, S.A. —a company specialising in the provision of banking administration services, under CIT activity— in Spain. The overall purchase price was EUR 283 million.

The acquiree was added to the consolidated group on 17 November 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	18	18
Property, plant and equipment	101	101
Trade and other receivables	334	334
Trade 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 on this acquisition was allocated to the Europe and ROW segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (EUR 40 thousand) with a useful life of 7 years.

23. Related Party Transactions

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% is held by various shareholders, with the main parties being Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones S.L. with 5.328%, Cantillon Capital Management LLC with 3.050% and FMR LLC with 3.039%.

Goods and services

In October 2005, Proactinmo S.L.U. (controlled by Gubel, S.L.) signed a lease for the building located at Calle Santa Sabina, no. 8, bordering with a building located in Calle Pajaritos, no. 24. The total cost for this lease during the first six months of 2016 was EUR 603 thousand (on 30 June 2015: EUR 600 thousand). In the month of December 2015, a novation of the contract was signed to extend its duration from five to ten years, with the option of extending for a further year.

In December 2015, a lease was signed with Proactinmo S.L.U. (controlled by Gubel, S.L.) for the rental of the building located in Calle Pajaritos, no. 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 410 thousand was incurred in relation to this contract during the first six months of 2016.

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

1. Remuneration of Directors

Details of remunerations accrued by members of the Board of Directors for all items during the six-month periods ended on 30 June 2016 and 2015 is as follows:

	Thousands of euros	
	30/06/2016	30/06/2015
Fixed remuneration	601	628
Variable remuneration	250	250
Remuneration for membership of the Board and Committee	8	8
Life insurance premiums	23	19
Daily allowances	476	544
	1,358	1,449

2. Remuneration of Senior Management:

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.

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Remunerations accrued by Prosegur's senior management during the six-month periods ended on 30 June 2016 and 2015 are as follows:

	Thousands of euros	
	<u>30/06/2016</u>	<u>30/06/2015</u>
Total remuneration accrued by Senior Management	1,968	2,365

The total commitment acquired by the Company on 30 June 2016 in relation to the incentives of the 2014 and 2017 Plan are recorded under liabilities, amounting to a total of EUR 7,177 thousand (Note 17 section e).

Loans to related parties

On 30 June 2016, there are no loans to related parties.

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

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

Information required by article 229 of the Spanish Capital Companies Act

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the improvement of Corporate Governance, no situations have arisen during financial year 2015 in which the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Company.

The 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 the Prosegur accounts. On 30 June 2016, fees amount to EUR 281 thousand (on 30 June 2015, the amount was EUR 334 thousand).

In addition, the provision of these services is performed through other partners in the firm other than 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.

24. Average staff

Details of the average Prosegur staff for the six-month periods ended on 30 June 2016 and 30 June 2015 are as follows:

	30/06/2016	30/06/2015
Male	141,422	137,332
Female	25,610	25,215
	167,032	162,547

25. Events after the reporting date

Through various funds managed by FMR LLC, during the month of July 2016, its shareholding has been decreased to a total amount of 18,360,220 shares – the equivalent of at least 3% of Prosegur’s total shareholding.

On December 23, 2015, the Company signed an agreement with Accadiesse S.P.A., subject to a condition precedent, whereby Prosegur’s stake in Capitolotre S.P.A. would be transferred to the company itself, with no compensation in favor of Prosegur. Once the condition precedent was met on March 31, 2016, the transfer was closed on July 27, 2016.

APPENDIX I. – Summary of the main accounting principles

Standards effective as of 1 January 2016, which may require changes to accounting policy and changes to presentation

The accounting policies adopted for drawing up the financial statements corresponding to the six-month period ended on 30 June 2016 are the same policies followed for drawing up the consolidated annual financial statements for 2015, Note 35 to the consolidated annual accounts for the financial year ended 31 December 2015.

In addition, the regulations published by the IASB and the IFRS Interpretation Committee and adopted by the European Union for application in Europe came into effect in 2015 and, therefore, were taken into account while drawing up these interim financial statements:

Regulations		Must be applied: financial years starting as of: IASB effective date
Modification to IFRS 11	Modification to <i>IFRS 11 Accounting by entities that jointly control an arrangement.</i>	1 January 2016
Modification to IFRS 2012-2014	Annual modifications to IFRS 2012–2014	1 January 2016
Modification to IAS 1	Modifications to IAS 1	1 January 2016
Modification to IAS 16 and IAS 38	Modification to IAS 16 and IAS 38: Acceptable methods of depreciation and amortisation	1 January 2016
Modification to IAS 27	Modification to IAS 27 Equity method in separate financial statements.	1 January 2016

- Modification to IFRS 11 Accounting by entities that jointly control an arrangement. It outlines the accounting by entities that jointly control an arrangement, whose activity constitutes a business. Effective for annual periods beginning on or after 1 January 2016.

- Annual modifications to IFRS, 2012–2014. Modifies the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosure, IAS 19 Employee benefits, IAS 34 Interim financial reporting. Effective for annual periods beginning on or after 1 January 2016.

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- Modifications IAS 1: Disclosure initiative. Includes diverse clarifications in relation to disclosure (materiality, aggregation, order of notes, etc). Effective for annual periods beginning on or after 1 January 2016.

- Modification to IAS 16 and IAS 38: Acceptable methods of depreciation and amortisation. Clarifies acceptable methods of amortisation and depreciation for property, plant and equipment and intangible assets, which do not include income-based methods. Effective for annual periods beginning on or after 1 January 2016.

- Modification to IAS 27 Equity method in separate financial statements. It will allow the equity method in an investor's separate financial statements. Effective for annual periods beginning on or after 1 January 2016.

The application of these standards and interpretations did not have any significant impact on these consolidated interim financial statements.

On the date that this summary of consolidated interim financial statements was drawn up, the following IFRS, amendments and interpretations of the IFIRC had been published by the IASB but were not compulsory:

Regulations	Must be applied: financial years starting as of: IASB effective date
IFRS 15 Revenue from contracts with customers (issued in May 2014)	1 January 2018
IFRS 9 Financial instruments (issued in July 2014)	1 January 2018
IFRS 16 Leases (issued in January 2016)	1 January 2019
Modification to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016)	1 January 2017
Modification to IFRS 10, 12 and IAS 28 – Clarifications regarding the consolidation exception for investment companies and sale or contribution of assets between an investor and his or her associate/joint business (issued in September 2014)	Not defined
Modification to IAS 7 – Disclosure initiative (issued in January 2016) on the cash flow statement	1 January 2017

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

On the date that these consolidated interim financial statements were drawn up, none of these standards are expected to have a significant effect on the Group's summary of consolidated interim financial statements.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENT FOR THE FIRST SIX MONTHS OF 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 financial reporting selected for Prosegur Compañía de Seguridad, S.A. and the summary of consolidated interim financial statements for Prosegur Compañía de Seguridad, S.A. and their subsidiaries, corresponding to the first six months of financial year 2016, approved for issue by the Board of Directors at their meeting held on 27 July 2016 and drawn up in accordance with applicable accounting principles, reliably represent the equity, financial position and profit and loss account for Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective interim management reports provide a reliable analysis of the information required.

Madrid, 27 July 2016

Ms Helena Irene Revoredo Delvecchio
Chair

Mr Isidro Fernández Barreiro
Vice-chairman

Mr Christian Gut Revoredo
Managing Director

Ms Chantal Gut Revoredo
Director

(Did not sign, since his vote was delegated) ¹

Mr Pedro Guerrero Guerrero
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

Mr Fernando Vives Ruíz
Director

Mr Fernando D'Ornellas Silva
Director

¹ The Director Mr. Pedro Guerrero attended the Board of Directors meeting held on July 27, 2016 by proxy, having delegated his vote to Ms. Helena Revoredo Delvecchio.

Record that the Board of Directors of Prosegur Compañía de Seguridad, S.A. at their meeting held in Madrid on 27 July 2016 drew up the Six-Month Financial Report for the first six months of 2016, including the following documents: the selected financial information of an individual nature, the selected consolidated financial information, the summary of consolidated interim financial statements and the interim management report for Prosegur Compañía de Seguridad, S.A. and its subsidiaries, and the Directors' statement of responsibility, all corresponding to the first six months of financial year 2015. This documentation has been unanimously approved for issue by the Company's Board of Directors, in accordance with the provisions of article 35 of Spanish Law 24/1988, of 27 July, on the Securities Market, at their meeting held on the date mentioned above.

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

In compliance with the provisions of current applicable regulations, the Directors that form the Board of Directors on today's date, sign this, the last page of this document, to which I, in my capacity as Secretary to the Board of Directors, testify in Madrid on 27 July 2016.

Signed: Ms Sagrario Fernández Barbé
(Non-Member Secretary)

Ms Helena Irene Revoredo Delvecchio
Chair

Mr Isidro Fernández Barreiro
Vice-chairman

Mr Christian Gut Revoredo
Managing Director

Ms Chantal Gut Revoredo
Director

(Did not sign, since his vote was delegated) ¹

Mr Pedro Guerrero Guerrero
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

Mr Fernando Vives Ruíz
Director

Mr Fernando D'Ornellas Silva
Director

¹ The Director Mr. Pedro Guerrero attended the Board of Directors meeting held on July 27, 2016 by proxy, having delegated his vote to Ms. Helena Revoredo Delvecchio.

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

**Consolidated management report for the six-month period ended on
30 June 2016**

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

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Consolidated middle management report for the six-month period ended on 30 June 2016

1. Events that have taken place since year end 2015

The most relevant events and transactions that took place during the first six months of 2016 are listed below:

Through various funds managed by FMC LLC, in January 2016, the company's shareholdings reached a total of 18,755,993 shares, equivalent to over 3% of Prosegur's shareholding structure.

2. Business performance

2.1. Sales by geographic area

Prosegur's consolidated sales during the first six months of 2016 amounted to EUR 1,837.1 million (on 30 June 2015: EUR 1,952.6 million), which means a total decrease of 5.9%, of which 12.6% corresponds to pure organic growth, 0.1% corresponds to inorganic growth and the effect of exchange rate fluctuations led to a decrease of 18.6%

The following table provides a breakdown of consolidated sales by geographical area:

	Millions of euros		
	June 2016	June 2015	Growth
Europe & ROW	815.4	779.2	4.6%
LatAm	1,021.7	1,173.4	(12.9%)
Total Prosegur	1,837.1	1,952.6	(5.9%)

The most important decrease in sales took place in the LATAM area, where, for the six-month period ended on 30 June 2016, there was a total decrease with regard to the same period in financial year 2015 of 12.9%, of which 17.8% was for pure organic growth and the effect of the exchange rate means a decrease of 30.7%.

2.2. Sales by business area

The following table provides a breakdown of consolidated sales by business areas:

	Millions of euros	
	June 2016	June 2015
Integrated Security Solutions	936.7	979.8
<i>% of total</i>	<i>51.0%</i>	<i>50.2%</i>
CIT and cash management	794.8	869.3
<i>% of total</i>	<i>43.3%</i>	<i>44.5%</i>
Alarms	105.6	103.5
<i>% of total</i>	<i>5.7%</i>	<i>5.3%</i>
Total Prosegur	1,837.1	1,952.6

2.3. Margins

Consolidated earnings (EBIT)* for the first six months of 2016 amounted to EUR 148.2 million (on 30 June 2015: EUR 142.7 million). The EBIT margin at the end of the first six months of 2016 was 8.1% (on 30 June 2015: 7.3%).

The following table shows the distribution of EBIT margins by geographical area:

	Millions of euros on 30 June 2016		
	Europe & ROW	LatAm	Prosegur
Sales	815.4	1,021.7	1,837.1
EBIT	25.0	123.2	148.2
EBIT margin	3.1%	12.1%	8.1%
	Millions of euros on 30 June 2015		
	Europe & ROW	LatAm	Prosegur
Sales	779.2	1,173.4	1,952.6
EBIT	23.2	119.5	142.7
EBIT margin	3.0%	10.2%	7.3%

* EBIT: Earnings before interest and taxes

2.4. Forecasts for the second half of financial year 2016

The Europe-ROW region continues to increase revenue. Rising above the growth of the Spanish economy —main financial contributor in the region— and also surpassing domestic financial growth in Germany and France. This latter country is recovering rapidly after reductions caused in 2015 due to the programme for protecting margins and optimising the customer portfolio created in 2015. Portugal and Asia-Pacific are also performing in accordance with the financial status of each country, although the forecasts for the full year are positive and show gentle growth.

In the area of Latin America, the strong organic growth started in 2016 is maintained, supported by sustained organic growth in Brazil (only affected by seasonal impact), strong organic growth in Argentina (well above the forecasts for the country's inflation) and, in general, evident improvement in the other countries that make up the region, which are showing growth that surpasses the nominal GDP estimates for each of them.

The margins in the region are also sustaining the growth ratios that began at the start of the year, although a slight drop can be seen (explained by the adverse season) that, if it normalises, forecasts a strong recovery of margins for the region for the full year.

By business lines, the excellent growth of the alarms business is continuing in both regions, in line with the strategic promotion being applied to this activity and above the strong growth already registered in 2015. There is generalised growth in all regions for the other business areas, and it is worth noting the strong recovery of Integrated Security Systems in LATAM and the growth of the Cash in Transit activity in Europe, above the average growth for the corresponding countries.

Forecasts for the second half of financial year 2016 remain positive. In line with the forecasts established for both regions and in accordance with the performance of the economies in the main countries where the Group operates. The company is putting a lot of focus on managing the recovery and growth of the Integrated Security Solutions business in LATAM as it considers that it is one of the areas that can obtain greatest medium-term development and profitability without significant alteration to the performance of other activities and regions.

During the six-month period ended on 30 June 2016, no other events or circumstances took place in the performance of businesses that lead to expectations of possible risk or uncertainties for the second half of financial year 2016. Nor were any significant liabilities generated other than those mentioned in the consolidated annual accounts on 31 December 2015.

3. Average staff

Details of the average Prosegur staff for the six-month periods ended on 30 June 2016 and 30 June 2015 are as follows:

	Total Prosegur	
	June 2016	June 2015
Male	141,422	137,332
Female	25,610	25,215
Average staff	167,032	162,547

4. 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 1 million are submitted to the Executive Committee for approval.

During the first six months of financial year 2016, investment was made in property amounting to EUR 61.3 million (on 30 June 2015: EUR 97.0 million).

5. Financial management

Prosegur calculates its net financial debt as follows: 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

The financial debt on 30 June 2016 amounts to EUR 669.4 million (on 31 December 2015: EUR 579.6 million).

The ratio of net financial debt to own resources on 30 June 2016 is 0.91 (on 31 December 2015: 0.83).

6. Treasury stock

Details of movements in the treasury stock account during the first six months of 2016 are as follows:

	No. of shares	Millions of euros
Balance on 31 December 2015	18,756,890	53.5
Sale of shares	-	-
Other employee benefits	(62,020)	(0.2)
Balance on 30 June 2016	18,694,870	53.3

7. Environment

On 30 June 2016, Prosegur has no environment-related contingencies, legal claims or income and expenses relating to the environment.

Following Prosegur policies in relation to the environment, investment continues to be made into armoured vehicles that adhere to the Euro III standard on the emission of non-pollutant particles.

8. Subsequent events

Through various funds managed by FMR LLC, during the month of July 2016, its shareholding has been decreased to a total amount of 18,360,220 shares – the equivalent of at least 3% of Prosegur's total shareholding.

On December 23, 2015, the Company signed an agreement with Accadiesse S.P.A., subject to a condition precedent, whereby Prosegur's stake in Capitolotre S.P.A. would be transferred to the company itself, with no compensation in favor of Prosegur. Once the condition precedent was met on March 31, 2016, the transfer was closed on July 27, 2016.