



Prosegur Compañía
de Seguridad, S.A.
and subsidiaries

Consolidated Annual Accounts

31 December 2017

Consolidated Directors' Report

2017

(With Independent Auditor's Report Thereon)

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



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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the shareholders of Prosegur Compañía de Seguridad, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

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

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

Basis for Opinion

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

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

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

Key Audit Matters

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

Labour and tax provisions and contingencies

See notes 22, 26 and 34.16 to the consolidated annual accounts

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group is exposed to possible claims and disputes in the course of its activity. These are primarily of a labour nature, in view of the high number of employees, and others are tax-related. Assessing and monitoring lawsuits, claims and disputes, including contingencies and, where applicable, the related provisions, is a complex process that entails evaluating future developments in these proceedings. Furthermore, in view of the characteristics of labour legislation in the different countries and the regulatory requirements applicable to this activity, these proceedings may be ongoing for a long period of time, especially in Brazil, which in turn further complicates evaluation of these processes.</p> <p>As regards labour matters in Brazil, the Group is subject to various contingencies, mainly associated with claims lodged by employees or former employees. At 31 December 2017 a provision of Euros 63 million has been recognised in this respect.</p> <p>From a tax perspective, the Group has ongoing claims relating to taxes in Argentina and Brazil, for which a provision of Euros 69 million has been recognised at 31 December 2017. The Company also has contingencies arising from tax assessments signed on a contested basis, in respect of tax payable amounting to Euros 24 million, for which no provision has been recognised.</p> <p>Due to the judgement inherent in assessing these different matters, the uncertainty associated with the estimates relating to the ongoing labour and tax proceedings, and because changes therein could give rise to material differences with respect to the amounts recognised to date, this has been considered a key audit matter of the current period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Assessing the design and implementation of the controls relating to the process of estimating the probability and impact when measuring the labour and tax contingencies. ▪ Obtaining representations from lawyers outside the Group regarding the status of these matters, their probability and, where applicable, possible losses for the Group. ▪ In the case of potentially material claims, assessing the underlying facts and circumstances deemed relevant by the Group's legal counsel in their conclusions and evaluating the Group's best estimate. ▪ Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Recoverable amount of non-current assets

See notes 11 to 13 and 34.9 to the consolidated annual accounts

<i>Key Audit Matter</i>	<i>How the Matter was Addressed in Our Audit</i>
<p>The Group has property, plant and equipment and intangible assets amounting to Euros 1,352 million, Euros 520 million of which is goodwill of the Group.</p> <p>In 2017 the Group did not recognise any impairment for non-current assets.</p> <p>For the purpose of testing non-current assets for impairment, they were assigned to the corresponding cash-generating units (CGUs). In the Prosegur Group, the CGUs are the individual business segments (Cash, Surveillance and Alarms) in each country of operations.</p> <p>There is a risk that the carrying amount of CGUs whose financial position has declined may exceed their recoverable amount.</p> <p>At each reporting date, or earlier if there are indications of impairment, the Group estimates the recoverable amount of each CGU. For the Cash and Surveillance businesses, this is determined based on their value in use, while for the Alarms business the fair value is used.</p> <p>To estimate these amounts, the Group used valuation techniques that require the Directors to exercise judgement and make assumptions and estimates.</p> <p>Due to the uncertainty associated with these estimates and the significance of the carrying amount of non-current assets, this has been considered a key audit matter of the current period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▪ Assessing the design and implementation of the key controls relating to the process of estimating the recoverable amount of non-current assets. • Analysing the indications, identified by the Group, of impairment of the cash-generating units. ▪ When estimating value in use (Cash and Surveillance businesses), <ul style="list-style-type: none"> – evaluating the reasonableness of the method used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists; – contrasting the consistency of the estimated growth in future cash flows of each cash-generating unit included in the calculation of value in use with the business plans approved by the Group's governing bodies; – contrasting the cash flow forecasts of cash-generating units estimated in prior years with the actual cash flows obtained. ▪ When estimating fair value (Alarms business), <ul style="list-style-type: none"> – assessing, with the involvement of our valuation specialists, the reasonableness of the estimated fair value of the Alarms business, which was calculated by applying market multiples to recurrent monthly revenues per connection, obtained on the basis of the latest transactions observed; – contrasting the consistency of the multiple used to calculate this value with the market reports on the latest transactions observed. ▪ Analysing the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the discount rate, the future growth rate or the EBITDA used when calculating the value in use of the Cash and Surveillance businesses and the recurrent monthly revenues per connection and the multiplier when estimating the fair value of the Alarms business. ▪ Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Other information: Consolidated Directors' Report

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

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

- a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the directors' report, or where applicable, that the directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.
- b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent _____

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

Contract Period _____

At their ordinary general meeting held on 29 May 2017, the shareholders appointed us as auditors of the Group for a period of one year, specifically for the year ended 31 December 2017. Previously, we were appointed for a period of seven years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2010.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

María Lacarra

On the Spanish Official Register of Auditors ("ROAC") with No. 20411

27 February 2018

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

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

Prepared in accordance with the International Financial
Reporting Standards adopted by the European Union (IFRS-EU)

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

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

(In thousands of euros)

	Note	2017	2016
Revenues	3	4,290,661	3,902,266
Costs to sales	4	(3,260,334)	(2,989,970)
Gross profit		1,030,327	912,296
Other income	6	8,437	8,360
Sale and administrative expenses	4	(632,906)	(554,301)
Other expenses	6	(14,821)	(28,560)
Share of profits/losses of financial year accounted for under the equity method	15	(2,122)	(4,893)
Operating profit/loss (EBIT)		388,915	332,902
Finance income	7	29,031	16,150
Finance expenses	7	(74,008)	(74,803)
Net financial expenses		(44,977)	(58,653)
Profit before tax		343,938	274,249
Income tax	26	(145,629)	(140,118)
Post-tax profit from continuing operations		198,309	134,131
Consolidated profit for the year		198,309	134,131
Attributable to:			
Owners of the parent		150,348	134,160
Non-controlling interests	21	47,961	(29)
Earnings per share from continuing operations attributable to the owners of the parent (euros per share)			
- Basic	8	0.2512	0.2242
- Diluted	8	0.2512	0.2242

Notes included on pages 10 to 99 are an integral part of these consolidated annual accounts

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

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Profit/loss for the year		198,309	134,131
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial gains (losses) on defined benefit plans	5.2	(1,581)	(634)
		(1,581)	(634)
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations		(195,310)	44,146
		(195,310)	44,146
Total comprehensive income for the year, net of tax		<u>1,418</u>	<u>177,643</u>
Attributable to:			
- Owners of the parent		(12,519)	177,671
- Non-controlling interests		13,937	(28)
		1,418	177,643

Notes included on pages 10 to 99 are an integral part of these consolidated annual accounts

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

(In thousands of euros)

	Note	2017	2016
ASSETS			
Property, plant and equipment	11	586,950	558,021
Goodwill	12	520,389	528,366
Other intangible assets	13	244,962	256,736
Investments accounted for using the equity method	15	29,837	30,234
Non-current financial assets	17	12,143	9,600
Deferred tax assets	26	86,336	105,898
Non-current assets		1,480,617	1,488,855
Non-current assets held for sale	14	50,963	64,701
Inventory	18	70,702	86,654
Trade and other receivables	19	941,575	943,225
Current tax asset	26	158,549	147,061
Other financial assets	20	490,298	-
Cash and cash equivalents	20	630,939	824,634
Current assets		2,343,026	2,066,275
Total assets		3,823,643	3,555,130
EQUITY			
Share capital	21	37,027	37,027
Share premium	21	25,472	25,472
Own shares	21	(53,079)	(53,315)
Translation differences	21	(537,720)	(470,371)
Retained earnings and other reserves	21	1,597,383	1,212,118
Equity attributable to equity holders of the Parent		1,069,083	750,931
Non-controlling interests	21	74,357	569
Total equity		1,143,440	751,500
LIABILITIES			
Financial liabilities	23	717,311	1,223,597
Deferred tax liabilities	26	30,776	28,431
Provisions	22	199,633	238,612
Non-current liabilities		947,720	1,490,640
Trade and other payables	24	850,683	785,693
Current tax liabilities		122,265	123,929
Financial liabilities	23	701,046	358,383
Provisions	22	14,427	4,374
Other current liabilities	25	44,062	40,611
Current liabilities		1,732,483	1,312,990
Total liabilities		2,680,203	2,803,630
Total equity and liabilities		3,823,643	3,555,130

Notes included on pages 10 to 99 are an integral part of these consolidated annual accounts

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

(In thousands of euros)

	Equity attributable to equity holders of the Parent					Non-controlling interests (Note 21)	Total equity
	Capital (Note 21)	Share premium (Note 21)	Own shares (Note 21)	Translation difference (Note 21)	Retained earnings and other reserves (Note 21)		
Balance on 1 January 2016	37,027	25,472	(53,493)	(514,517)	1,205,467	(330)	699,626
Total comprehensive income for the year	-	-	-	44,146	133,526	(29)	177,643
Share-based incentives exercised by employees	-	-	178	-	-	-	178
Dividends	-	-	-	-	(130,799)	-	(130,799)
Other movements	-	-	-	-	3,924	928	4,852
Balance as of 31 December 2016	37,027	25,472	(53,315)	(470,371)	1,212,118	569	751,500
Total comprehensive income for the year	-	-	-	(161,286)	148,767	13,937	1,418
Share-based incentives exercised by employees	-	-	236	-	94	-	330
Ordinary dividend	-	-	-	-	(34,066)	-	(34,066)
Interim extraordinary dividend	-	-	-	-	(279,996)	-	(279,996)
Interim ordinary dividend	-	-	-	-	(71,883)	-	(71,883)
Stock market flotation of Prosegur Cash S.A.	-	-	-	93,937	613,651	89,386	796,974
Prosegur Cash, S.A. dividend	-	-	-	-	-	(29,535)	(29,535)
Other movements	-	-	-	-	8,698	-	8,698
Balance as of 31 December 2017	37,027	25,472	(53,079)	(537,720)	1,597,383	74,357	1,143,440

Notes included on pages 10 to 99 are an integral part of these consolidated annual accounts

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

(In thousands of euros)

	Note	2017	2016
Cash flows from operating activities			
Profit/loss for the year		198,309	134,131
<i>Adjustments for:</i>			
Depreciation and amortisation	11, 13	129,527	116,412
Impairment losses on non-current assets	6	150	309
Impairment losses on trade receivables and stock	6, 19	13,565	25,389
Other revenues and expenses		-	1,519
Change in provisions	22	67,080	81,468
Finance income	7	(29,031)	(16,150)
Finance expenses	7	74,008	74,803
Gains/losses on derecognition and sale of property, plant and equipment	6	3,358	5,211
Share of profits/losses of financial year accounted for under the equity method	15	2,122	4,893
Income tax	26	145,629	140,118
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		5,667	(21,974)
Trade and other receivables		(100,435)	(121,935)
Trade and other payables		45,613	85,972
Payment of provisions	22	(85,691)	(56,844)
Other liabilities		6,145	(675)
Cash from operating activities			
Interest paid		(38,598)	(33,233)
Income tax paid		(158,818)	(151,326)
Net cash from operating activities		278,600	268,088
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,667	3,536
Proceeds on sales of investment property/non-current assets held for sale	14	2,701	4,943
Proceeds from sale of financial assets		428	1,768
Interest collection		4,402	3,311
Proceeds on sales of subsidiaries, net of cash and cash equivalents		-	741
Acquisition of subsidiaries, net of cash and cash equivalents		(35,682)	(10,961)
Acquisition of property, plant and equipment	11	(186,658)	(151,229)
Acquisition of intangible assets	13	(26,283)	(14,802)
Acquisition of joint ventures, net of cash and cash equivalents		-	(19,890)
Acquisition of financial assets		(493,611)	(1,750)
Net cash from investing activities		(733,036)	(184,333)
Cash flows from financing activities			
Collections from sales of own shares		805,386	-
Payments for the redemption of own shares and other equity instruments	21	(2,127)	-
Proceeds from loans and borrowings	23	354,170	711,743
Proceeds from debentures and other marketable securities	23	595,010	-
Payments for loans and borrowings	23	(1,101,626)	(129,429)
Payments for other financial liabilities	23	(17,263)	(38,359)
Dividends paid	9	(329,811)	(120,224)
Net cash from financing activities		303,739	423,731
Net increase (decrease) in cash and cash equivalents		(150,697)	507,486
Cash and cash equivalents at the beginning of period		824,634	316,434
Effect of exchange differences		(42,998)	714
Cash and cash equivalents at the end of the period		630,939	824,634

Notes included on pages 10 to 99 are an integral part of these consolidated annual accounts.

VI. CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2017

1. General information

Prosegur is a business group comprised of Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company) and its subsidiaries (referred to collectively as Prosegur) which operates in the following countries: Spain, Portugal, France, Luxembourg, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, Australia and South Africa.

Prosegur is organised around the following lines of activity:

- Security.
- Cash.
- Alarms.

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid and the holder of 50,075% of the shares of Prosegur Compañía de Seguridad, S.A., which includes Prosegur in its consolidated financial statements.

Prosegur Compañía de Seguridad, S.A. is a public limited company, with shares listed on the Madrid, Bilbao, Valencia 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 Mercantile Registry. 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 Company is primarily engaged in the following services and activities through 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 apparatus, devices and systems.

These consolidated annual accounts were drawn up by the Board of Directors on 27 February 2018 and are pending approval by the shareholders at their Annual General Meeting. However, the directors consider that these consolidated annual accounts will be approved with no changes.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A. is the parent company of a Group formed by subsidiaries (Appendix I). Likewise, Prosegur has Joint Arrangements (Note 15, 16, and Appendix II).

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

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in Note 34.2.

2. Basis of Presentation

2.1. Basis of presentation of the consolidated financial statements

The consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. The consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (hereinafter the IFRS-EU) and other applicable provisions in the financial reporting framework, to give a true and fair view, of the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and its subsidiaries at 31 December 2017 and of the consolidated results of operations and cash flows of the Group for the year then ended.

Any information or breakdowns, that are not considered material or of relative importance, in accordance with the concept of Relative Importance defined in the conceptual framework of the EU-IFRS, have been omitted from these annual accounts.

2.2. Changes in the consolidated group

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

- In February 2017, the company BIP Serviços de recepção e portaria Ltda. was incorporated in Brazil.
- In February 2017, the company BIP Serviços de Vigilância Patrimonial Ltda. was incorporated in Brazil.
- In February 2017, the company Prosegur Holding SIS Ltda. was incorporated in Brazil.
- In May 2017, the company Prosegur Alarm Hizmetleri Anonim Sirket was incorporated.
- In October 2017, the company SIS Prosegur Cash Logistics Private Limited was incorporated in India.
- In October 2017, the company Centro Informático de Servicios de Vigo, S.A. was dissolved and liquidated in Spain.
- In December 2017, the companies GRP Holding SARL and Prosegur Security Luxemburg SARL were dissolved and liquidated in Luxembourg.
- In December 2017, the company Prosegur GmbH & Co KG was dissolved in Germany.

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

- In October 2017, the merger by absorption of Servicios de Efectivo de Perú, S.A. by Compañía de Seguridad Prosegur, S.A. was formalised in Peru.
- In November 2017, the merger by absorption of TC Interplata, S.A. by Transportadora de Caudales Juncadella, S.A. was formalised in Argentina.
- In December 2017, the security business of Prosegur Brasil S.A. Transportadora de Valores e Segurança was spun off to Segurpro Vigilância Patrimonial S.A. in Brazil.
- In December 2017, the merger by absorption of the German company Prosegur Investments Verwaltungs GmbH by Prosegur GmbH & Co KG was formalised in Germany.

In addition, all other changes in the scope of consolidation during the 2017 financial year correspond to acquisitions of subsidiaries whose information is detailed in Note 29.

2.3. Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements for 2017 include comparative figures for the previous year.

In the 2016 financial year, deferred tax assets and liabilities were not offset in that year's statement of financial position despite having met the criteria established in Note 34.18 (valuation rule). However, the Group believes that the impact of the decision not to offset was immaterial in the context of the consolidated annual accounts as a whole, and as such, in the 2017 financial year, the corresponding comparative data has been reclassified. In this regard, the amounts recorded at 31 December 2016 as deferred tax assets and liabilities were EUR 185,628 and EUR 108,161 thousand, respectively.

2.4. Estimates, assumptions and relevant judgements

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

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

Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments during the year ended 31 December 2017 are included in the following notes:

- Business combinations: provisional determination of fair values (Notes 29 and 34.2).
- Impairment of PP&E, intangible assets, goodwill, and non-current assets held for sale: assumptions for calculation of recoverable amounts (Notes 11, 12, 13, 14, 34.6, 34.7, 34.8, and 34.9).
- Available-for-sale financial assets: assumptions used to determine fair values (Note 17 and 34.10).
- Recognition and measurement of provisions and contingencies: assumptions to determine the likelihood and estimated amounts of outlays (Notes 22, 27, and 34.16).
- Recognition and measurement of the defined benefit plans for employees: actuarial assumptions to estimate the provision for defined benefit plans for employees (Notes 5.2, 22, and 34.19).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to assess the recoverability of tax credits (Notes 26 and 34.18).
- Revenue recognition: determination of the stage of completion of construction contracts (Note 34.23).

Relevant judgements

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

- Consolidation: determination of control (Note 34.2).
- Leases: classification of leases (Note 34.21).
- Non-current assets held for sale (Note 34.8 and 34.24)

Determination of fair values

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

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

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

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

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

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

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

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

- Note 17: Available-for-sale financial assets.
- Note 29: Business combinations.
- Note 31.3: Financial instruments and fair value.

3. Revenues

Details of revenue are as follows:

	Thousands of euros	
	2017	2016
Provision of services	(159,516)	3,752,307
Goods sold	-	6,995
Operating lease revenues	159,516	142,964
Total revenues	-	3,902,266

Revenue from operating leases includes revenues obtained from alarm system rentals. See Note 10 for further information on revenues by segment and geographical region. See Note 34.19 for a description of the Group's income recognition policy.

4. Cost of sales and administrative and sales expenses

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

		Thousands of euros	
		2017	2016
Supplies		198,655	184,603
Employee benefit expenses	(Note 5)	2,561,057	2,364,638
Operating leases		35,841	46,792
Supplies and external services		248,206	232,214
Depreciation and amortisation		65,924	54,613
Other expenses		150,651	107,110
Total costs to sales		3,260,334	2,989,970
Supplies		6,840	5,051
Employee benefit expenses	(Note 5)	326,380	277,597
Operating leases		44,628	38,158
Supplies and external services		111,684	108,005
Depreciation and amortisation		63,603	61,799
Other expenses		79,771	63,691
Total sale and administrative expenses		632,906	554,301

Total supplies in the consolidated income statement for 2017 amount to EUR 205,495 thousand (in 2016: EUR 189,654 thousand).

The increase in expenses for employee benefits, included within the total cost of sales, is due to the new business combinations (Note 29) and the increase in expenses for labour provisions (Note 22).

The heading for other expenses, included within the total cost of sales, has increased in 2017 by EUR 21,164 thousand as a result of an increase in insurance premiums and shipping expenses. In addition, this heading includes administrative and sales costs, which cover costs from indirect taxes totalling EUR 35,625 thousand (2016: EUR 18,328 thousand), primarily in Argentina and Brazil. These taxes include levies associated with the corporate restructuring plan carried out by Prosegur during recent financial years totalling EUR 3,410 thousand.

The external supplies and services heading includes costs for repair to transportation units, counting machines, as well as the subcontracting of third parties for operational activities and other professional services such as lawyers, auditors, and consultants.

5. Employee benefits

5.1. Employee benefits costs

Details of employee benefits costs are as follows:

	Thousands of euros	
	2017	2016
Salaries and wages	2,108,471	1,932,743
Social Security	560,344	511,927
Other employee benefits expenses	132,640	123,463
Termination payments	85,982	74,102
Total employee benefits expense	2,887,437	2,642,235

With regard to the 2017 Long-term Incentive Plan for the CEO and Senior Management of Prosegur (Note 34.19), the expenses corresponding to the committed outlay accrued during the 2017 financial year was recorded under wages and salaries, totalling EUR 6,695 thousand (Note 22) (2016: EUR 4,260 thousand).

The compensations heading includes the amount recognised in the provision for labour risks (Note 22).

5.2. Employee benefits

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

During financial year 2017, the amount recognised as an increase in personnel expenses in the income statement amounts to EUR 1,418 thousand (in 2016: EUR 1,310 thousand).

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

	Thousands of euros	
	2017	2016
Balance as of January 1	9,189	6,439
Net cost for period	1,418	1,310
Plan contributions	(440)	(244)
Actuarial loss/profit	2,403	955
Translation differences	(737)	729
Balance as of December 31	11,833	9,189

In the 2017 financial year, the negative impact on equity resulting from actuarial losses totalled EUR 1,581 thousand (negative impact of EUR 634 thousand in 2016) (Note 22).

The breakdown of the current and noncurrent portions of the present value of the obligations under the main defined benefit plans in Brazil, France, Germany, and Mexico is as follows:

	Thousands of euros							
	Brazil		France		Germany		Mexico	
	2017	2016	2017	2016	2017	2016	2017	2016
Non-current	5,784	4,083	3,482	4,492	620	614	1,947	
Current	-	-	-	-	-	-	-	n/a
Total liabilities for employee benefits	5,784	4,083	3,482	4,492	620	614	1,947	

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

	Thousands of euros							
	Brazil		France		Germany		Mexico	
	2017	2016	2017	2016	2017	2016	2017	2016
Balance as of January 1	4,083	1,803	4,492	4,023	614	613	-	
Net cost for period	(272)	1,040	(767)	269	26	1	2,429	
Plan contributions	(108)	(56)	(190)	(188)	(31)	-	(111)	n/a
Actuarial loss/profit	2,616	567	(53)	388	11	-	(169)	
Translation differences	(535)	729	-	-	-	-	(202)	
Balance as of December 31	5,784	4,083	3,482	4,492	620	614	1,947	

As of 31 December 2017, the defined benefit plans in Brazil included 18,927 employees and 86 retirees (18,945 employees and 83 retirees in 2016). France's plan had 5,132 employees in 2017 (5,097 employees in 2016). Germany's plan had 2 employees as of 31 December 2017 (2 employees in 2016). The Mexican plan included 2,658 employees in 2017.

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

	Brazil		France		Germany		Mexico	
	2017	2016	2017	2016	2017	2016	2017	2016
Inflation rate	5%	5.0%	1%	1.0%	1.8%	0.6%	3.5%	
Annual discount rate	5.4%	5.7%	1.5%	1.4%	1.75%	2.1%	9.5%	n/a
Retirement age	65	n/a	65	65	65	65	n/a	

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

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

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

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

The defined benefit plan variables which cause Prosegur exposure to actuarial risk are: future mortality, trends in medical expenses, inflation, retirement age, and discount and market rate.

6. Other revenues and expenses

Other expenses

Details of other expenses are as follows:

		Thousands of euros	
		2017	2016
Impairment losses on trade receivables	(Note 19)	(10,826)	(20,739)
Impairment losses on non-current assets	(Notes 11 and 13)	(150)	(309)
Net gains/losses on disposal of fixed assets		(3,358)	(5,211)
Other expenses		(487)	(2,301)
Total other expenses		(14,821)	(28,560)

The heading for net profits (losses) from disposal of fixed assets is comprised mainly of the losses associated with the write-off of PP&E totalling EUR 1,782 thousand (EUR 3,973 thousand at 31 December 2016), which correspond primarily to the installation of alarms which Prosegur leases to third parties under operational lease agreements.

As of 31 December 2017, the heading for Other expenses includes a loss from the sale of one floor and eight parking spaces which were classified as non-current assets held for sale (Note 14) totalling EUR 179 thousand (on 31 December 2016 this heading included a loss from the sale of two floors in the Torre Intercontinental in Argentina totalling EUR 743 thousand). On 31 December 2016 this heading also included a loss recorded as a result of the agreement for sale of a number of Chinese companies totalling EUR 507 thousand (Note 15) and a loss from the sale of 100% of the Chilean company Sociedad de Distribución Canje y Mensajería Ltda totalling EUR 581 thousand.

Other income

Other income, which amounts to EUR 8,437 thousand (in 2016: EUR 8,360 thousand), mainly includes income generated on various properties located in Buenos Aires. These properties, which were classified as real estate investments, were reclassified at 31 December 2016 under non-current assets held for sale (Note 14). Interest accrued during the 2017 financial year totalled EUR 5,966 thousand (2016: EUR 6,130 thousand).

At the close of the 2017 financial year, these properties were leased to third parties, with contracts lasting between 1 and 2 years. Future minimum receipts for the leases of said properties are as follows:

		Thousands of euros	
		2017	2016
Up to one year		4,600	5,314
One to five years		4,987	9,392
More than five years		-	-
		9,587	14,706

7. Net financial expenses

Details of the net financial expenses are as follows:

	Thousands of euros	
	2017	2016
Interest paid:		
- Loans and borrowings	(18,239)	(11,773)
- Debentures and other negotiable securities	(15,282)	(14,598)
- Loans from other entities	(2,772)	(393)
- Securitisation programme	(9)	(8)
- Finance leases	(2,251)	(2,440)
	(38,553)	(29,212)
Interest received:		
- Loans and other investments	6,801	6,836
	6,801	6,836
Other results		
Net gains/losses on foreign currency transactions	11,545	(15,277)
Other finance income	10,685	9,314
Other finance costs	(35,455)	(30,314)
	(13,225)	(36,277)
Net financial expenses	(44,977)	(58,653)
Total finance income	29,031	16,150
Total finance costs	(74,008)	(74,803)
	(44,977)	(58,653)

The main variation of the 2017 financial results with respect to 2016 are differences due to transactions in a foreign currency other than the functional currency in each country, mainly Argentina.

In addition, borrowing costs (Note 22) have increased as a result of the syndicated credit facility totalling EUR 600,000 thousand arranged in December 2016 by Prosegur through its subsidiary Prosegur Cash, S.A., for which early repayment was made on 20 November 2017 and 20 December 2017 in the amounts of EUR 100,000 thousand and EUR 500,000 thousand, respectively.

The "Other financial income and costs" heading mainly includes monetary restatements as a result of the calculation of the amortised cost of the debt as well as, the deposits lodged in respect of labour proceedings in Brazil (Note 22), as well as the restatement of the tax contingencies, mainly in Brazil (Note 22) and the restatement of deferred payments relating to business combinations in different countries.

As of 31 December 2017 and 2016, Prosegur has no derivative financial instruments.

8. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company (Note 21.1).

	Euros	
	<u>2017</u>	<u>2016</u>
Profit for the year attributable to owners of the parent	150,347,819	134,160,409
Weighted average number of ordinary shares outstanding	598,481,888	598,429,770
Basic earnings per share	<u>0.2512</u>	<u>0.2242</u>

Diluted

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent company and the weighted average number of common shares outstanding to take into account all the dilutive effects of potential common shares.

	Euros	
	<u>2017</u>	<u>2016</u>
Profit for the year attributable to owners of the parent	150,347,819	134,160,409
(Diluted) weighted average number of ordinary shares outstanding	598,481,888	598,429,770
Diluted earnings per share	<u>0.2512</u>	<u>0.2242</u>

There are no binding potential adjustments for outstanding shares (Note 34.19).

9. Dividends per share

At the General Shareholders' Meeting held on 29 May 2017, shareholders approved the distribution of dividends amounting to EUR 34,066 thousand (0,0552 euros per share). When this meeting was held, share capital was divided into 617,124,640 shares. 50% of the approved dividends, i.e., EUR 17,033 thousand, were paid to the shareholders in July 2017. The remaining payment, corresponding to 50% of the approved amount, was paid to the shareholders in October 2017.

On 19 December 2017, the Board of Directors approved the distribution of an extraordinary cash dividend charged to 2017 financial year earnings of 0,45371 euros per share, representing a maximum total dividend of EUR 279,996 thousand (considering that the current share capital is divided into 617,124,640 shares). This dividend was paid to the shareholders on 28 December 2017.

On 19 December 2017, the Board of Directors also approved the distribution of an ordinary dividend charged to 2017 financial year earnings of 0,11648 euros per share, representing a maximum total dividend of EUR 71,883 thousand (considering that the current share capital is divided into 617,124,640 shares). Said dividend shall be paid to the shareholders in four payments of 0,02912 euros per share in circulation on the date of each payment in the months of January, April, July, and October 2018. As of 31 December 2017, dividends payable totalling EUR 71,883 thousand were recorded in current liabilities under other accounts payable, under the heading suppliers and other accounts payable.

The portion of the maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The portion of the maximum amount not distributed as dividends corresponding to the 2017 financial year is reflected under the heading "other variations" in the consolidated statement of changes in net equity in the amount of EUR 10,509 thousand.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 17,971 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional financial statement formulated by the Board of Directors in accordance with the legal requirements that revealed the existence of sufficient liquidity for the distribution of the aforementioned dividends on account is set out below:

	<u>Thousand of euros</u>
	<u>2017</u>
Initial cash and cash equivalents before distribution of interim dividends)	219,316
Balances in group current accounts	179,583
Pending collections	22,381
Collections for current operations	560,000
Payments for current operations	(4,836)
Payments for financial operations	(511,157)
Extraordinary payments	(1,858)
Predictable treasury	463,429
Less dividend payment according to proposal	(351,878)
Final cash and cash equivalents after dividends	<u>111,551</u>

10. Segment reporting

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

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

- Security: mainly includes the activities of surveillance and protection of premises, property and persons and activities related to technological security and cybersecurity solutions.
- Cash: mainly the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: includes installation and maintenance of home alarms, as well as alarm monitoring by the ARC.

Corporate functions are supervised by the Global Support Divisions that cover the Financial-Economic, Human Resources, Quality, and External Relations, Risk Management, Legal, M&A, Strategy and IT, and Digital Transformation areas. From a geographical perspective, the following geographic areas are identified:

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

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

Prosegur is not highly dependent on any particular customers (Note 31.1).

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

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

Total liabilities allocated to segments do not include bank loans, except for finance lease debts, as financing is managed at Prosegur Group level.

Details of revenues by geographic area are as follows:

	Europe		AOA		Iberoamerica		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Thousands of euros								
Total sales	1,665,153	1,520,883	158,626	142,019	2,466,882	2,239,364	4,290,661	3,902,266
<i>% over the total</i>	39%	39%	4%	4%	57%	57%	100%	100%

Details of sales and EBIT by business are as follows:

	Cash		Security		Alarms		Not allocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Thousands of euros										
Total revenues	1,924,258	1,724,258	2,115,480	1,951,343	250,923	213,404	-	13,261	4,290,661	3,902,266
EBIT	360,239	320,480	65,937	40,684	3,482	9,969	(40,743)	(38,231)	388,915	332,902

Revenues unallocated in 2016 corresponds to the sales of Sociedad de Distribución y Canje y Mensajería, Ltda for the total amount of EUR 13,261 thousand.

The unallocated costs comprise support costs for the Security and Alarm business, as well as exceptional costs incurred in the year that are not considered the results of any of the three businesses, mainly due to the corporate restructuring which Prosegur carried out over the course of 2016.

The following table provides a reconciliation of EBIT allocated to segments with net profit for the year attributable to the owners of the parent:

	Thousands of euros	
	2017	2016
EBIT allocated to segments	429,658	371,133
EBIT not allocated	(40,743)	(38,231)
EBIT for the period	388,915	332,902
Net financial expenses	(44,977)	(58,653)
Profit before tax	343,938	274,249
Income tax	(145,629)	(140,118)
Post-tax profit from continuing operations	198,309	134,131
Non-controlling interests	47,961	(29)
Profit for the year attributable to owners of the parent	150,348	134,160

Removing the effects associated with the company restructuring, period EBIT would have totalled EUR 392,325 thousand (2016: EUR 341,902 thousand) (Note 4) and the profit for the year attributable to owners of the parent company would have totalled EUR 172,258 thousand (2016: EUR 184,660 thousand).

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

	Cash		Security		Alarms		Not allocated to segments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Thousands of euros										
Assets allocated to segments	1,319,158	1,350,284	892,157	924,022	180,686	160,497	247,299	221,840	2,639,300	2,656,643
Other unallocated assets	-	-	-	-	-	-	1,184,343	898,487	1,184,343	898,487
Other non-current financial assets	-	-	-	-	-	-	12,143	9,600	12,143	9,600
Non-current assets held for sale	-	-	-	-	-	-	50,963	64,253	50,963	64,253
Other current financial assets	-	-	-	-	-	-	490,298	-	490,298	-
Cash and cash equivalents	-	-	-	-	-	-	630,939	824,634	630,939	824,634
	1,319,158	1,350,284	892,157	924,022	180,686	160,497	1,431,642	1,120,327	3,823,643	3,555,130

“Assets allocated to segments” includes investments accounted for by applying the equity method (Note 15) for a total amount of EUR 29,837 thousand (EUR 30,234 thousand in 2016), which are primarily allocated to the Cash segment.

The additions made in 2017 of non-current assets that were allocated to segments total EUR 230,623 thousand (2016: EUR 179,436 thousand), which mainly correspond to investments made for fitting out bases, facilities and armoured vehicles intended for use in operational activities.

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

	Cash		Security		Alarms		Not allocated to segments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Thousands of euros										
Liabilities allocated to segments	629,250	666,430	456,941	472,230	87,984	75,162	153,487	76,689	1,327,662	1,290,511
Other unallocated liabilities	-	-	-	-	-	-	1,352,541	1,513,119	1,352,541	1,513,119
Loans and borrowings	-	-	-	-	-	-	1,352,541	1,513,119	1,352,541	1,513,119
	629,250	666,430	456,941	472,230	87,984	75,162	1,506,028	1,589,808	2,680,203	2,803,630

11. Property, plant and equipment

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

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
Cost						
Balance as of 1 January 2016	219,463	110,043	290,854	310,687	34,256	965,303
Translation differences	5,322	11,465	6,081	17,981	1,133	41,982
Business combinations (Note 29)	-	8	1,798	1,928	-	3,734
New additions	12,582	9,666	45,929	19,010	65,468	152,655
Write offs	(1,162)	(2,520)	(19,068)	(15,997)	(3,030)	(41,777)
Transfers	5,294	12,669	13,550	10,617	(42,130)	-
Balance as of 31 December 2016	241,499	141,331	339,144	344,226	55,697	1,121,897
Translation differences	(17,027)	(15,119)	(33,210)	(31,694)	(7,368)	(104,418)
Business combinations (Note 29)	5,505	128	1,220	821	-	7,674
New additions	7,291	16,306	82,853	52,446	27,762	186,658
Write offs	(5,842)	(2,165)	(14,846)	(9,685)	(380)	(32,918)
Transfers (Note 14)	6,712	7,359	7,364	8,205	(32,927)	(3,287)
Balance as of 31 December 2017	238,138	147,840	382,525	364,319	42,784	1,175,606

	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Advances and assets under construction	Total
Thousands of euros						
Depreciation and impairment						
Saldo al 1 de enero 2016	(48,290)	(59,485)	(181,514)	(208,913)	-	(498,202)
Translation differences	(671)	(5,601)	(3,766)	(13,567)	-	(23,605)
Write offs	745	1,586	16,530	15,407	-	34,268
Transfers	2,335	388	(3,987)	1,264	-	-
Amortisation for the fiscal year	(3,090)	(11,529)	(33,505)	(27,942)	-	(76,066)
Provision for impairment recognised in profit and loss	-	-	-	(271)	-	(271)
Saldo al 31 de diciembre de 2016	(48,971)	(74,641)	(206,242)	(234,022)	-	(563,876)
Translation differences	1,504	6,673	15,097	19,477	-	42,751
Write offs	258	1,605	11,872	8,357	-	22,092
Transfers	(329)	722	(372)	(21)	-	-
Amortisation for the fiscal year	(3,702)	(13,314)	(43,196)	(29,261)	-	(89,473)
Provision for impairment recognised in profit and loss	-	-	-	(150)	-	(150)
Saldo al 31 de diciembre de 2017	(51,240)	(78,955)	(222,841)	(235,620)	-	(588,656)
Carrying amount						
Al 1 de enero de 2016	171,173	50,558	109,340	101,774	34,256	467,101
Al 31 de diciembre de 2016	192,528	66,690	132,902	110,204	55,697	558,021
Al 1 de enero de 2017	192,528	66,690	132,902	110,204	55,697	558,021
Al 31 de diciembre de 2017	186,898	68,885	159,684	128,699	42,784	586,950

Additions to property, plant and equipment recognised in 2017 amount to EUR 186,658 thousand (in 2016: EUR 152,655 thousand) and mainly comprise investments made for fitting out bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina and Brazil.

The transfers recorded correspond to a property in Spain which has been reclassified to PP&E in a total amount of EUR 448 thousand, as its disposal is deemed unlikely to occur in 2018, and a plot of land in Argentina which has been reclassified from PP&E to non-current assets held for sale in a total amount of EUR 3,735 thousand, as its disposal is deemed very likely to occur in the 2018 financial year (Note 14).

The advances and property, plant and equipment in progress heading at the close of 2017 mainly includes advances for armoured vehicles for a total of EUR 8,579 thousand primarily in Argentina, Brazil, and Mexico (2016: EUR 11,917 thousand), bill counting machinery for a total of EUR 4,205 thousand primarily in Argentina, Brazil, and Mexico (2016: EUR 7,248 thousand) and construction projects for a total of EUR 13,902 thousand primarily in Brazil and Colombia (2016: EUR 20,911 thousand). The expected date of completion of the aforesaid PP&E in progress is in the first two quarters of 2018.

There are no assets subject to ownership restrictions, nor pledged as collateral for operations as of December 31, 2017.

Commitments for the acquisition of property, plant and equipment are detailed in Note 28.

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

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

	Thousands of euros	
	2017	2016
Cost	32,235	32,235
Accumulated depreciation	(5,265)	(4,889)
Carrying amount	26,970	27,346

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

	Thousands of euros	
	2017	2016
Cost	118,849	105,919
Accumulated depreciation	(58,299)	(54,478)
Carrying amount	60,550	51,441

Property, plant and equipment, fully depreciated and still in use, amounts to EUR 295,019 thousand at 31 December 2017 (in 2016: EUR 286,649 thousand).

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

Thousands of euros	2017				Total
	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	
Cost of capitalised financial leases	3,492	6,858	109	54,802	65,261
Accumulated depreciation	(48)	(6,061)	(106)	(31,498)	(37,713)
Carrying amount	3,444	797	3	23,304	27,548

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

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

- Other property, plant and equipment: leasing of armoured vehicles in Germany for EUR 24,947 thousand and in Brazil for EUR 28,376 thousand.
- Technical installations and machinery: leasing of bill counting machines in Brazil for EUR 6,804 thousand.
- Land and buildings: leasing of a plot of land and properties in Colombia for EUR 3,492 thousand.

The breakdown of the minimum payments and the current value of the financial lease liabilities is disclosed in Note 23.

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of euros	
	2017	2016
Balance as of January 1	528,366	494,151
Business combinations (Note 29)	17,682	11,107
New additions	-	-
Write offs	-	(463)
Translation differences	(25,659)	23,571
Balance as of December 31	520,389	528,366

Additions to goodwill in 2017 and 2016 derive from the following business combinations:

	Segments	Country	2017	
			% ownership	Thousands of euros
Grupo Contesta (1)	Cash	(Spain)	100%	5,097
Asset Purchase from Omni S.A. (1)	Alarms	(Paraguay)	100%	710
Other business combinations of Prosegur Cash (1)	Cash	(Miscellaneous)	100%	11,875
				17,682

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

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

Note 29 lists the goodwill estimates associated with the previous tables.

Impairment testing of goodwill

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

The nature of the assets that are included to determine the carrying value of a CGU are: Property, plant and equipment, Goodwill, Other intangible assets and Working capital (Note 34.9).

Below is a summary of the CGU to which goodwill has been allocated, by activity and by country:

	Thousands of euros		
	2017		
	Cash	Security	Alarms
Spain CGU	7,512	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	-	-
Australia CGU	36,243	-	-
Singapore CGU	-	6,017	-
China CGU	-	89	-
South Africa CGU	-	-	3,736
Brazil CGU	94,770	14,258	-
Chile CGU	35,586	4,229	-
Peru CGU	32,129	7,833	9,533
Argentina CGU	30,304	5,860	-
Colombia CGU	15,156	16,834	-
Rest of Ibero-America CGU	10,071	348	9,203
Total	318,744	172,984	28,661

	Thousands of euros		
	2016		
	Cash	Security	Alarms
Spain CGU	2,415	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	34,305	-	-
Australia CGU	38,105	-	-
Singapore CGU	-	6,335	-
China CGU	-	96	-
South Africa CGU	-	-	3,825
Brazil CGU	105,217	16,899	-
Chile CGU	35,586	4,436	-
Peru CGU	21,358	8,588	10,452
Argentina CGU	30,929	7,757	-
Colombia CGU	17,149	19,032	-
Rest of Ibero-America CGU	9,619	387	9,503
Total	317,351	181,046	29,969

Prosegur tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 34.9. At 31 December 2017, Prosegur has verified at the level of the CGUs grouped by activity and country if these goodwill have suffered any impairment loss, with no indication of impairment.

The recoverable amount of a CGU is determined based on two different methods of calculation, based on the activity type. The Alarms activity is calculated at fair value and the Cash and Security activities are calculated at their value in use.

Value in use calculation method:

Company budgets for the following year and the strategic plan for subsequent years are the key operating assumptions used for calculating the value in use for different CGU. Both the budget and the plan are approved by Management. Value in use is calculated using gross margin and sales projections that are calculated depending on the

macroeconomic growth of each of the countries and efficiency plans defined for optimising results. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

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

- Revenues: the sales figure is estimated from growth by volume and by price. In general lines, growth by volume is based on the country's GDP and growth by price on inflation.
- Gross profit: based on efficiency plans defined by the Company, mainly optimisation of client portfolios, applying profitability analysis focussed on establishing thresholds below which it is not considered viable to establish a commercial relationship with the clients. The Gross Margin is calculated as the Group's total sales revenue minus the cost of sales, divided by the total sales revenue, expressed as a percentage.
- EBITDA: It is based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before the deduction of interest, taxes, depreciation and amortisation.
- CAPEX: mainly based on plans to renew the fleet depending on its age, with the aim of rejuvenating it. We consider the estimated 3.1% to be a fair Capex-sales ratio.
- Working Capital: based on optimising days outstanding or average collection period for accounts payable. The projection is based on sales growth, according to the days outstanding. We consider that the working capital-sales ratio of 18% is reasonable, and therefore can be extrapolated to a projection.
- Taxes: projections for taxes are calculated depending on the effective rate for each country and the results expected from the same.

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

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

31 December 2017

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

31 December 2016

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

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

No impairment losses have been recognised on goodwill in 2017 and 2016.

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

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

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

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

The threshold from which impairment losses would arise for growth/drop (-) and EBITDA rates, independently processed, with the other variables remaining constant, is as follows:

Cash	2017		
	Discount rate	Growth rate	EBITDA
Brazil	20.56%	-6.28%	-22.02%
Argentina	188.03%	-100.00%	-52.61%
Spain	38.62%	-100.00%	-48.69%
France	5.06%	1.16%	-5.77%
Colombia	12.55%	2.27%	-3.03%
Peru	26.42%	-42.68%	-44.88%
Chile	11.24%	0.73%	-9.21%
Germany	7.70%	-1.24%	-18.65%
Australia	10.24%	0.46%	-14.45%

Security	2017		
	Discount rate	Growth rate	EBITDA
Argentina	35.30%	-3.54%	-15.75%
Spain	10.35%	-5.21%	-30.11%
France	7.46%	-1.66%	-26.75%
Colombia	12.08%	2.95%	-0.22%
Peru	15.80%	-7.82%	-29.74%
Chile	14.78%	-4.34%	-23.84%

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

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

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

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

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

Fair value calculation method:

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

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

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

13. Other intangible assets

Details and movement in other intangible assets are as follows:

Thousands of euros	Software applications	Client portfolios	Trademarks and licences	Other intangible assets	Total
Cost					
Saldo al 1 de enero 2016	107,969	325,399	30,191	28,395	491,954
Translation differences	3,187	45,737	4,435	1,061	54,420
Business combinations (Note 29)	251	6,000	-	-	6,251
New additions	14,802	-	-	1,018	15,820
Write offs	(1,924)	-	-	(219)	(2,143)
Saldo al 31 de diciembre de 2016	124,285	377,136	34,626	30,255	566,302
Translation differences	(6,887)	(37,375)	(4,855)	(1,144)	(50,261)
Business combinations (Note 29)	16	29,711	-	1,049	30,776
New additions	21,167	5,011	-	105	26,283
Write offs	(14,841)	-	-	-	(14,841)
Transfers	-	-	-	-	-
Saldo al 31 de diciembre de 2017	123,740	374,483	29,771	30,265	558,259
Amortisation and impairment					
Saldo al 1 de enero 2016	(66,404)	(136,419)	(20,524)	(22,635)	(245,982)
Translation differences	(2,646)	(17,955)	(4,199)	(959)	(25,759)
Write offs	925	-	-	175	1,100
Amortisation for the fiscal year	(14,261)	(20,705)	(913)	(3,008)	(38,887)
Provision for impairment recognised in profit and loss	(38)	-	-	-	(38)
Saldo al 31 de diciembre de 2016	(82,424)	(175,079)	(25,636)	(26,427)	(309,566)
Translation differences	3,581	16,259	3,180	861	23,881
Write offs	12,442	-	-	-	12,442
Amortisation for the fiscal year	(14,673)	(23,494)	(726)	(1,161)	(40,054)
Saldo al 31 de diciembre de 2017	(81,074)	(182,314)	(23,182)	(26,727)	(313,297)
Carrying amount					
Al 1 de enero de 2016	41,565	188,980	9,667	5,760	245,972
Al 31 de diciembre de 2016	41,861	202,057	8,990	3,828	256,736
Al 1 de enero de 2017	41,861	202,057	8,990	3,828	256,736
Al 31 de diciembre de 2017	42,666	192,169	6,589	3,538	244,962

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

	Segment	Country	2017			Remaining useful life
			Cost	Amortisation and impairment	Carrying amount	
Nordeste Group Large Client Portfolio	Miscellaneous	Brazil	78,399	(25,407)	52,992	12 years and 2 months
Norsegel Vigilancia y Transporte de Valores LTDA Large Client Portfolio	Miscellaneous	Brazil	27,668	(14,253)	13,415	8 years
Preserve y Transpev Large Client Portfolio	Cash	Brazil	20,987	(13,630)	7,357	5 years and 5 months
Chubb Security Services PTY LTD 5 Main Client Portfolio	Cash	Australia	12,968	(2,730)	10,238	15 years
Chubb Security Services PTY LTD Remaining Client Portfolio	Cash	Australia	19,158	(4,033)	15,125	15 years
Business combination portfolio of Prosegur Cash	Cash	Miscellaneous	9,480	(125)	9,355	18 years and 8 months
Grupo Contesta Portfolio	Cash	Spain	9,333	(222)	9,111	13 years and 8 months
Transbank Client Portfolio	Miscellaneous	Brazil	8,009	(3,337)	4,672	8 years and 2 months
Nordeste Group Sergipe Client Portfolio	Miscellaneous	Brazil	7,592	(4,428)	3,164	4 years and 2 months
Fiel Large Client Portfolio	Miscellaneous	Brazil	7,322	(3,380)	3,942	7 years
Bahia Nordeste Group Other Client Portfolio	Miscellaneous	Brazil	5,933	(2,884)	3,049	6 years and 2 months
			206,849	(74,429)	132,420	

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

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

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

In 2017, the intangible assets resulting from the allocation of fair value were incorporated into the purchase price of business combinations which are summarised in the following table (see Note 29):

	Segment	Country	Thousands of euros		
			Client portfolios	Trademarks and licences	Other intangible assets
Cash Services Australia Pty Limited	Cash	Australia	1,504	-	-
Grupo Contesta	Cash	Spain	9,333	-	-
Asset Purchase from Omni S.A.	Alarms	Paraguay	4,831	-	182
Other business combinations of Prosegur Cash	Cash	Miscellaneous	14,043	-	867
			29,711	-	1,049

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

	Segment	Country	Thousands of euros
			Client portfolios
MIV Gestión S.A.	Cash	Spain	701
Dognaedis Lda.	Security	Portugal	472
Indiseg Evolium Group, S.L.	Security	Spain	935
Asset Purchase from Toll Transport Pty Ltd	Cash	Australia	3,892
			6,000

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

All reported intangible assets have a defined useful life and are amortised in percentages ranging from 3.33% to 50% according to their estimated useful life. Details of the amortisation percentages of the customer portfolio and trademark are described in Notes 29 and 34.7.

Intangible assets are tested for impairment as described in Note 34.7. No impairment losses have been recognised or reversed in 2017 and 2016.

14. Non-current assets held for sale

The breakdown of non-current assets held for the sale from the 2017 and 2016 financial years is as follows:

Thousands of euros	2017	2016
Balance on 1 January	64,701	448
Translation differences	(14,324)	-
Write offs	(2,701)	-
Transfers from property, plant and equipment(Note 11)	3,287	-
Transfers from investment property	-	64,253
Balance as of 31 December	50,963	64,701

The derecognitions recorded in 2017 are due to the sale of one floor and 8 parking spaces in the Torre Intercontinental for a total amount of ARS 45,173 thousand (equivalent to EUR 2,701 thousand at the time of transaction), resulting in a loss of EUR 179 thousand (Note 6).

The transfers recorded in 2017 correspond to a property in Spain which has been reclassified to PP&E because its disposal is deemed unlikely to occur in 2018, and a plot of land in Argentina which has been reclassified from PP&E to non-current assets held for sale because its disposal is deemed very likely to occur in the 2018 financial year (Note 11).

The transfers recorded in 2016, which took place as on 31 December, corresponded to various floors in two buildings located in the city of Buenos Aires, Argentina.

As of 31 December 2017, non-current assets held for sale include several floors of two buildings located in the city of Buenos Aires, Argentina for a total of EUR 47,228 thousand and a plot of land also located in the city of Buenos Aires, Argentina for a total of EUR 3,735 thousand.

At 31 December 2017, the aforementioned floors of the two buildings located in the city of Buenos Aires, Argentina remains classified under "Non-current assets held for sale" since Prosegur believes it is highly likely that they will be sold in 2018.

Prosegur has taken out several policies to cover the risks to which these properties are subject. The coverage of these policies is considered sufficient.

At 31 December 2017, the fair value of the properties does not differ significantly from their net carrying amount. Total fair value, after a valuation analysis by an independent expert, amounts to EUR 77,655 thousand. The breakdown is as follows:

Property	<u>Thousands of euros</u>
	<u>Fair value</u>
Bouchard 551	38,599
Torre Intercontinental, Moreno 845/847/87 Alsina 880 and Tacuari 242/292	39,056
	<u>77,655</u>

15. Investments accounted for using the equity method

The main Joint Arrangements of Prosegur (Appendix III) relate to companies engaged in the Cash business in India and South Africa. 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. In several Arrangements with India, governing the Joint Ventures, Prosegur and the other investor company have agreed, if necessary, to make additional contributions in proportion to their shareholdings in order to offset any losses.

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

Thousands of euros	2017	2016
Share of joint ventures	29,837	30,234
	29,837	30,234
Thousands of euros	2017	2016
Balance as of January 1	30,234	18,328
New additions	-	19,890
Share of profit/loss	(2,122)	(4,893)
Sale	-	(5,171)
Transfers	-	622
Translation differences	1,725	1,458
Balance as of December 31	29,837	30,234

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

The contract whereby Prosegur subscribed the shares in SBV is of a hybrid nature, since it includes an embedded derivative. Prosegur holds an option to sell its entire shareholding in SBV at any time from February 2019 through to February 2021, with the sole condition that, once exercised, Prosegur's total shareholding does not exceed 50% of the company's share capital. If Prosegur exercises the 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.

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

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

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

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

Thousands of euros	2017	2016
Rosegur Fire, SRL	3	4
Rosegur Holding Corporation SL	83	88
SIS Cash Services Private Limited	5,597	6,849
SIS Prosegur Alarmas Monitoring and Response Services Private Limited	474	1,187
SIS Prosegur Holdings Private Limited	4,475	5,359
SBV Services Proprietary Limited	19,152	16,682
Miscellaneous	53	65
Balance as of December 31	29,837	30,234

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

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

16. Joint Ventures

Prosegur participates in joint operations that are articulated through Joint Ventures where the entities have no legal capacity of their own and where there is a system of collaboration between companies for a certain time, defined or undefined, for the development and execution of a work or service (Note 34.2).

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

The amounts shown below represent Prosegur's share in the joint ventures' assets and liabilities, and sales and profits and losses. These amounts were included in the financial statement and in the consolidated income statement in the consolidated annual accounts for the years ended 31 December 2017 and 31 December 2016.

	Thousands of euros	
	2017	2016
Assets:		
Non-current assets	1,640	12
Current assets	15,024	22,297
	16,664	22,309
Liabilities:		
Current liabilities	14,440	22,309
	14,440	22,309
Net profit:		
Revenue	115,315	125,782
Expenses	(110,249)	(122,339)
Profit after tax	5,066	3,443

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

17. Non-current financial assets

Details of non-current financial assets are as follows:

	Thousands of euros	
	2017	2016
Available-for-sale financial assets	4,501	5,359
Deposits and guarantees	4,334	3,493
Other non-current financial assets	3,308	748
	12,143	9,600

Available-for-sale financial assets

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

	Thousands of euros	
	2017	2016
Balance as of January 1	5,359	3,775
New additions	748	1,732
Write offs	(1,293)	(746)
Translation differences	(313)	598
Balance as of December 31	4,501	5,359
On 31 December		
Cost or valuation	4,501	5,359
Impairment losses	-	-
	4,501	5,359

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

On 31 December 2017

Thousands of euros	Recoverable amount	% ownership	Investment
Euroforum Escorial, S.A.	2,595	8.1%	2,595
Other investments and other assets	1,906		1,906
	4,501		4,501

On 31 December 2016

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

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

Other non-current financial assets

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

	Thousands of euros	
	2017	2016
Balance as of January 1	748	985
New additions	2,565	28
Write offs	-	(212)
Translation differences	(5)	(53)
Balance as of December 31	3,308	748

As of 31 December 2017, the heading for other noncurrent assets includes fixed-term deposits with maturity primarily in 2019 and a loan granted by Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is accounted for using the equity method in the total amount of EUR 2,565 thousand.

18. Inventory

Details of inventories are as follows:

	Thousands of euros	
	2017	2016
Work in progress	23,967	33,276
Goods for resale, fuel and other	44,603	50,726
Operating materials	2,013	2,300
Uniforms	5,578	6,502
Stock impairment	(5,459)	(6,150)
	70,702	86,654

No inventories have been pledged as collateral to secure debt obligations.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to customers. The corresponding accounting policy is set out in Note 34.23. Sales revenue of EUR 129,650 thousand were recognised in relation to these contracts in 2017 (in 2016: EUR 87,577 thousand); and accumulated costs of EUR 118,001 thousand (in 2016: EUR 67,705 thousand). A liability was also recognised for revenue received in advance amounting to EUR 9,096 thousand (in 2016: EUR 8,338 thousand) because the progress billings to those customers exceed the costs incurred plus recognised profit (Note 25). The amount of withholdings in payments is EUR 2,452 thousand at the close of 2017 (2016: EUR 1,696 thousand).

Movement in impairment losses is as follows:

	Thousands of euros	
	2017	2016
Balance as of January 1	(6,150)	(5,360)
Additions	(2,739)	(4,650)
Applications and other	2,884	4,246
Translation differences	546	(386)
Balance as of December 31	(5,459)	(6,150)

19. Trade and other receivables

Details are as follows:

	Thousands of euros	
	2017	2016
Trade receivables for sales and services	813,798	794,602
Less: Impairment losses on trade receivables	(66,618)	(75,593)
Trade receivables - net	747,180	719,009
Public authorities	81,897	68,982
Employee salary advances	9,056	11,527
Court bonds	29,337	44,948
Prepayments	17,402	19,886
Other receivables	56,703	78,873
Current	941,575	943,225

Credit risk from trade receivables is not concentrated because Prosegur works with a large number of customers distributed amongst the different countries in which it operates (Note 31.1).

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a financial expense in the income statement (Note 7). On 31 December 2017 and 31 December 2016 there were no factoring contracts, and so there are no receivables written off in assets for such contracts.

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

	Thousands of euros	
	2017	2016
0 to 3 months	283,484	249,757
3 to 6 months	22,951	21,390
Over 6 months	30,792	42,657
	337,227	313,804

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

There is no reasonable doubt regarding payment of past-due trade receivables for which note impairment has been recognised.

Movement in impairment of receivables is as follows:

	Thousands of euros	
	2017	2016
Balance as of January 1	(75,593)	(58,596)
Provision for impairment (Note 6)	(10,826)	(20,739)
Applications and reversals	12,970	2,111
Translation differences	6,831	1,631
Balance as of December 31	(66,618)	(75,593)

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

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

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

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 31.1.

Court bonds are mainly deposits associated with the provision for labour causes in Brazil (Note 22).

The other accounts receivable heading mainly records advance payments of suppliers and creditors for an amount of EUR 16,273 thousand (2016: EUR 33,297 thousand) and balances with other debtors in the amount of EUR 26,108 thousand (in 2016: EUR 36,126 thousand).

20. Other financial assets and Cash and cash equivalents

The detail of the balance and movement of the heading "Other financial assets" during the period is as follows:

	Thousands of euros	
	2017	2016
Balances as of 1 January	-	-
New additions	490,298	-
Balances as of 31 December	490,298	-

The composition of the balance and the dates of issue of the financial assets of the financial year 2017 are as follows:

Description	Date of issue	Thousand of euros	
		Principal	Balance as of 31/12/2017
Fixed term taxation	07/04/2017	25,000	25,026
Fixed term taxation	19/04/2017	25,000	25,025
Fixed term taxation	22/06/2017	150,000	150,080
Fixed term taxation	22/06/2017	150,000	150,080
Fixed term taxation	04/09/2017	140,000	140,087
		490,000	490,298

The variation in the other financial assets heading is primarily a result of the offer of sale of shares in the subsidiary Prosegur Cash S.A. in March 2017 totalling EUR 824,992 thousand with associated expenses, net of tax, relating thereto totalling EUR 28,018 thousand, which has been offset by the distribution of an extraordinary cash dividend totalling EUR 279,996 thousand in the December 2017.

The details of the heading of "Cash and cash equivalents" are as follows:

	Thousands of euros	
	2017	2016
Cash and banks	472,110	799,429
Current bank deposits	158,829	25,205
	630,939	824,634

The effective interest rate on current bank deposits was 4.17% (in 2016: 13.46%) and the average term of deposits held during the year was 211 days (2016: 54 days).

21. Net equity

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

21.1. Share capital, share premium and own shares

Details of balance and movement is as follows:

	Thousands of euros				
	Number of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance as of 1 January 2016	617,125	37,027	25,472	(53,493)	9,006
Sale of own shares	-	-	-	-	-
Other distributions	-	-	-	178	178
Balance as of 31 December 2016	617,125	37,027	25,472	(53,315)	9,184
Sale of own shares	-	-	-	-	-
Other distributions	-	-	-	236	236
Balance as of 31 December 2017	617,125	37,027	25,472	(53,079)	9,420

Share capital

On 31 December 2017 and 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 0.06 euros each, fully subscribed and paid up, which are all listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE).

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

Shareholders	Number of shares	
	2017	2016
Mrs. Helena Revoredo Delvecchio ⁽¹⁾	309,240,330	309,240,330
Oppenheimer Acquisition Corporation ⁽²⁾	34,957,437	34,957,437
Mrs. Mirta Gieso Cazenave ⁽³⁾	34,778,187	34,778,187
Cantillon Capital Management LLC	-	18,821,350
FMR LLC ⁽⁴⁾	24,452,187	18,515,726
Invesco Limited ⁽⁵⁾	11,595,772	6,223,180
Other	202,100,727	194,588,430
	617,124,640	617,124,640

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

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

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

⁽⁴⁾ Through a series of managed funds.

⁽⁵⁾ Through a series of managed funds

In December 2017, Cantillon Capital Management LLC reduced its shareholding to below 3% of Prosegur.

On 31 December 2017 and 2016, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,125,760 shares (in 2016: 310,126,760 shares), representing 50.25% of the Company's share capital (in 2016: 50.25%).

Share premium

There is a share issue premium amounting to EUR 25,472 thousand, which is freely disposable and which has suffered no changes over financial years 2017 and 2016.

Own shares

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

	<u>Number of shares</u>	<u>Thousands of euros</u>
Balance on 1 January 2016	18,756,890	53,493
Other distributions	(62,020)	(178)
Balance as of 31 December 2016	18,694,870	53,315
Other distributions	(67,035)	(236)
Balance as of 31 December 2017	18,627,835	53,079

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

In the 2017 and 2016 financial years, no acquisition or sale or treasury share transactions were completed. The other distributions heading reflects the use of stock options for employees at market value.

21.2. Cumulative translation differences

Details of balances and movement in this reserve are as follows:

	<u>Thousands of euros</u>	
	<u>2017</u>	<u>2016</u>
Balance as of January 1	(470,371)	(514,517)
Translation differences of financial statements of foreign operations	(161,286)	44,146
Transfer of conversion difference to non-controlling shares	93,937	-
Balance as of December 31	(537,720)	(470,371)

Variations from 2017, in comparison with 2016, mainly arise as a result of the devaluation of the Argentine peso and the Brazilian real.

21.3. Retained earnings and other reserves

The structure and movement in retained earnings and other reserves are as follows:

	Thousands of euros			
	Legal reserve	Other restricted reserves	Other retained earnings	Total
Balance as of 1 January 2016	7,406	165	1,197,896	1,205,467
Total comprehensive income for the year	-	-	133,526	133,526
Distribution of extraordinary dividend	-	-	(61,875)	(61,875)
Distribution of Profit	-	-	(68,924)	(68,924)
Other movements	-	-	3,924	3,924
Balance as of 31 December 2016	7,406	165	1,204,547	1,212,118
Total comprehensive income for the year	-	-	148,767	148,767
Share-based incentives exercised by employees	-	-	94	94
Distribution of extraordinary dividend	-	-	(279,996)	(279,996)
Distribution of ordinary dividend	-	-	(34,066)	(34,066)
Distribution of interim ordinary dividend	-	-	(71,883)	(71,883)
Other movements	-	-	622,349	622,349
Balance as of 31 December 2017	7,406	165	1,589,812	1,597,383

Other restricted reserves at 31 December 2017 and 2016 are the 1983 revaluation reserve (EUR 104 thousand) and reserves arising on conversion of capital to euros (EUR 61 thousand).

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

The proposed distribution of the parent's profit for 2017, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, as per the terms of the interim dividend ordered by the Board of Directors of the Company, and which will be submitted to the shareholders for approval at their annual general meeting, is as follows:

	Thousands of euros	
	2017	2016
Basis of allocation		
Profit/loss for the year	830,334	(7,037)
	830,334	(7,037)
Distribution		
Voluntary reserves	478,456	(75,226)
Dividends	351,878	68,189
	830,334	(7,037)

21.4. Non-controlling interests and other transactions

Prosegur Cash, S.A. is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A., which currently owns 51% of that company's shares, indirectly controlling another 21.5% through its wholly owned subsidiary Prosegur Assets Management, S.L.U. The remaining 27.5% of the shares is held by minority shareholders as a result of the initial public offering on 17 March 2017. Prosegur Cash began to trade at 2 euros per share on the Madrid and Barcelona Stock Exchanges; these shares are traded through the Spanish Stock Exchange Interconnection System (electronic trading system, known as SIBE). In these consolidated financial statements, this operation was recorded as a transaction involving own equity instruments.

The impact of this transaction amounted to EUR 824,992 thousand while associated expenses totalled EUR 28,018 thousand. As a result, the positive impact recognised from the disposal of these equity instruments amounts to EUR 796,974 thousand.

On 8 May 2017, Prosegur Cash, S.A. entered into a liquidity agreement fully compliant with the regulations applicable at that time. Prior to the signing of this contract, said company did not hold any own shares. The preliminary operating

process of the liquidity contract to establish the own shares ended on 8 June, once own shares of 1,000,000 shares was reached. The liquidity contract operation began on 9 June 2017 and ended on 10 July, the date on which said liquidity contract was terminated. On 7 July 2017, with effect from 11 July 2017, Prosegur Cash, S.A. entered into a new liquidity agreement in accordance with the new regulations in force, giving new operations to the liquidity under the scope of the contract.

At the close of 2017, the own shares of Prosegur Cash, S.A. comprised 787,474 shares, of which 295,789 were linked to the liquidity contract for a total amount of EUR 2,127 thousand.

The consolidated financial information of the Prosegur Cash Group is presented below prior to intra-group eliminations, of which 27.5% corresponds to non-controlling interests:

(Thousand of euros)	31/12/2017
Non-current assets	829,515
Current assets	885,099
Total assets	1,714,614
Total Equity	266,632
Non-current liabilities	850,683
Current liabilities	597,281
Total liabilities	1,447,964
Ordinary revenues	1,924,258
Operating profit/loss (EBIT)	445,058
Profit before tax	444,327
Post-tax profit from continuing operations	304,361
Post-tax profit from discontinued operations	489
Consolidated profit for the year	304,850
Cash from operating activities	182,573
Cash flows from investing activities	15,713
Cash flows from financing activities	(80,759)
Net increase (decrease) in cash and cash equivalents	117,527

22. Provisions

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

Thousands of euros	Labour-related risks	Legal risk	Restructuring	Employee Benefits (Note 5.2)	Accrued obligations to personnel	Other risks	Total
Saldo al 1 de enero de 2017	105,312	18,265	2,921	9,189	9,307	97,992	242,986
Provisions charged to income statement	47,017	6,531	-	1,418	6,695	22,577	84,238
Reversals credited to income statement	(9,083)	(4,889)	-	-	(1,526)	(1,660)	(17,158)
Applications	(52,886)	(1,493)	(1,399)	(440)	-	(29,473)	(85,691)
Financial effect of discount	6,562	1,574	-	-	-	7,591	15,727
Additions to the consolidated group	-	-	-	-	-	235	235
Reversal posted to Net Equity	-	-	-	2,403	-	-	2,403
Transfers	-	-	-	-	-	-	-
Translation differences	(13,233)	(2,131)	-	(737)	-	(12,579)	(28,680)
Saldo al 31 de diciembre de 2017	83,689	17,857	1,522	11,833	14,476	84,683	214,060
Non-current 2017	83,061	17,857	-	11,833	3,162	83,720	199,633
Current 2017	628	-	1,522	-	11,314	963	14,427

a) Labour-related risks

The provisions for labour-related risks, that amount to EUR 83,689 thousand (in 2016: EUR 105,312 thousand), are calculated individually, based on the estimated likelihood of success or failure of the lawsuit. This likelihood is determined by the different legal firms that work with the group companies. In addition, there is an internal review of the likelihoods of reaching agreements for each of the proceedings 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 proceedings in Brazil, which includes lawsuits filed by Prosegur employees and ex-employees. The country's labour legislation and the regulatory requirements mean that the proceedings take a long time, leading to a provision of EUR 56,789 thousand in 2017 (2016: EUR 61,605 thousand).

On 31 December 2017, there were 5,264 labour proceedings underway in Brazil (On 31 December 2016: 6,043). During the 2017 financial year, nearly 5,058 proceedings were closed. The increase in application of provisions is due to the closing of labour proceedings.

This heading also includes a provision of EUR 6,357 thousand (2016: EUR 12,839 thousand), in relation to the business combination carried out in 2005 with Transpev. During the 2017 financial year, 13 have been closed, leaving 68 cases remaining (31 December 2016: 81).

The provisions with charge to results and the reversals with credit to results are included under other expenses under the cost of sales item in Note 4, as well as the monetary updates associated with this provision which are included under the heading of other financial expenses (Note 7).

b) Legal risk

The provisions for legal risks, that amount to EUR 17,857 thousand (in 2016: EUR 18,265 thousand), correspond mainly to civil lawsuits, which are analysed on a case-by-case basis. It primarily includes lawsuits in Spain, France, and Brazil. The application of these provisions is highly probable, but both the value and the time of the final settlement are uncertain and depend upon the outcome of the proceedings that are underway. There are no significant legal risks.

c) Restructuring

The provisions correspond to the company Brinks Deutschland GmbH. in 2013, which has a recognised restructuring provision that corresponds to estimates for the payment of severances for dismissal and other costs. Payment of the provision is highly probable. While the date of settlement is uncertain, it is highly probable that it will take place in the short term. In 2017, payments were made for a value of EUR 1,399 thousand (2016: EUR 900 thousand).

d) Employee benefits

As indicated in Note 5.2, Prosegur maintains defined benefit plans in Germany, Brazil, France, and Mexico. The actuarial assessment made by qualified actuaries regarding the value of the arranged benefits is updated at the end of 2017.

The defined benefit plan in Germany and France consists of pension and retirement plans, while the defined benefit plan in Mexico consists of seniority bonuses.

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 incentives payable in cash under the 2017 Plan (Note 34.19) for Senior Management at Prosegur and at Prosegur Cash.

During this period, an endowment was made and charged to the income statement for the year, amounting to EUR 6,695 thousand (Note 5.1) (2016: EUR 4,260 thousand). This amount includes the fair value adjustment of the share price for the 2014 Plan at the time of payment and the corresponding accrual for the 2017 Plan.

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

During financial year 2017, EUR 1,526 thousand have been paid up (2016: EUR 988 thousand), corresponding to settlement of the last part of the 2014 Plan, thereby liquidating said plan.

The fair value of incentives pegged to the quoted share price has been estimated on the basis of the quoted price of Prosegur and Prosegur Cash shares at the end of the period or at time of payment.

Finally, part of this provision amounting to EUR 11,314 thousand, has been classified as current given that the commitment associated to the 2017 Plan matures in 2018

f) Other risks

The provisions for other risks, which amounts to EUR 84,683 thousand (in 2016: EUR 97,992 thousand), includes many items.

Payment of these provisions is highly probable, though both the value and the timing of the final payment are uncertain and depend upon the outcome of the proceedings currently under way.

The most significant of these are as follows:

Tax risks

Mainly tax risk in Brazil and Argentina amounting to EUR 65,014 thousand (in 2016: EUR 73,702 thousand).

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

Prosegur uses "the most likely result" to measure uncertain tax positions. Significant tax risk is determined on the basis of opinions of external experts and analysis of existing case law. In addition, internal analysis is drawn up based on similar cases that occurred in the past at Prosegur or in other companies.

Each tax contingency is analysed in detail at the end of every quarter. This analysis covers the quantification, classification and level of provision associated with the risk. At year-end an independent expert delivers a letter containing an analysis and assessment of these parameters for all the main risks. The level of provision is based on it.

The provisions charge to profit and loss and the reversals taken to income are included under the heading of other expenses in Note 4.

Comcare Australia

In 2017, payments were made for commitments associated with Australia's occupational accident insurance plan amounting to EUR 850 thousand (EUR 1,195 thousand in 2016). The provision for the year amounted to EUR 838 thousand leading to a total provision of EUR 4,529 thousand (EUR 4,763 thousand in 2016), of which EUR 963 thousand mature in the short term (in 2016: EUR 1,195 thousand).

23. Financial liabilities

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

Thousand of euros	Average interest rate	2017		2016	
		Non-current	Current	Non-current	Current
Debentures and other negotiable securities	1,38%-2,75%	594,117	510,088	498,883	10,312
Loans and borrowings	3.47%	94,381	120,197	648,433	167,785
Finance lease payables	7.47%	11,957	8,524	14,439	9,466
Credit accounts	4.47%	-	33,758	48,570	139,143
Other debts	9.39%	16,856	28,479	13,272	31,677
		717,311	701,046	1,223,597	358,383

Thousands of euros	Currency	Year of maturity	2017		2016	
			Non-current	Current	Non-current	Current
Debentures and other negotiable securities	Euro	2018-2026	594,117	510,088	498,883	10,312
Loans and borrowings	Euro	2018-2019	12,123	80,839	625,725	145,755
Loans and borrowings	Brazilian Real	2018	-	18,909	-	17,054
Loans and borrowings	Australian dollar	2018-2020	45,903	-	-	-
Loans and borrowings	South African Rand	2020	19,171	-	18,750	-
Loans and borrowings	Peruvian Nuevo Sol	2018-2020	8,417	12,698	-	3,632
Loans and borrowings	Other currencies	2018-2020	8,767	7,751	3,958	1,344
Finance lease payables	Euro	2018-2019	2,949	2,766	5,446	3,381
Finance lease payables	Brazilian Real	2018-2019	4,059	3,498	3,103	2,012
Finance lease payables	Other currencies	2018-2023	4,949	2,260	5,890	4,073
Credit accounts	Euro	2018	-	13,201	48,570	127,430
Credit accounts	Australian dollar	2018	-	6,507	-	-
Credit accounts	Other currencies	2018	-	14,050	-	11,713
Other debts	Euro	2018-2021	9,380	7,987	3,637	1,726
Other debts	Brazilian Real	2018-2033	6,223	7,106	9,016	21,291
Other debts	Argentine Peso	2018-2023	190	153	357	242
Other debts	Other currencies	2018-2019	1,063	13,233	262	8,418
			717,311	701,046	1,223,597	358,383

As of 31 December 2017, the total drawdown amount from credit facilities in current accounts amounted to EUR 33,758 thousand (2016: EUR 187,713 thousand). Details of undrawn credit facilities are as follows:

	Thousands of euros	
	2017	2016
Maturing in less than 1 year	285,934	179,716
Maturing in more than 1 year	515,000	400,000
	800,934	579,716

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

Debentures and other negotiable securities

Bonds with a nominal value of EUR 500,000 thousand were used on 2 April 2013, with maturity on 2 April 2018. This bond has been reclassified to short term. The bonds are traded on the secondary market of the Irish Stock Exchange. They accrue an annual coupon of 2.75% payable yearly in arrears.

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

Syndicated credit facility (Spain)

On 12 June 2014 Prosegur arranged a new five-year syndicated credit financing facility of EUR 400,000 thousand. On 18 March 2015, the syndicated credit facility was novated, mainly in order to extend its maturity to 18 March 2020. On 10 February 2017, this syndicated financing arrangement was repaid and replaced by two new syndicated credit facilities:

Syndicated credit facility EUR 200,000 thousand (Spain)

On 10 February 2017, Prosegur arranged a five-year syndicated credit financing facility of EUR 200,000 thousand to provide the Company with liquidity over the long term. As of 31 December 2017, no amount has been drawn down on this loan.

The interest rate for drawdowns under the syndicated financing operation is Euribor plus an adjustable spread based on the Company's rating.

Additionally, this financing is secured by collateral from the following subsidiaries of Prosegur: Prosegur, S.A. (Argentina) Prosegur Activa Argentina, S.A. (Argentina), Prosegur Soluciones, S.A. (Spain) and Prosegur Soluciones Integrales de Seguridad España, S.L. (Spain). The contract includes the following compulsory financial ratios:

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

Syndicated credit facility EUR 300,000 thousand (Spain)

On 10 February 2017, Prosegur's subsidiary Prosegur Cash, S.A. arranged a five-year syndicated credit financing facility of EUR 300,000 thousand to provide the Company with liquidity over the long term. As of 31 December 2017, no amount has been drawn down on this loan.

The interest rate for drawdowns on the syndicated financing operation is Euribor plus an adjustable spread based on the Company's rating.

Additionally, this financing is secured by collateral from the following subsidiaries of Prosegur Cash, S.A.: Prosegur Brasil, S.A. Transportadora de Valores e Segurança (Brazil), Transportadora de Caudales Juncadella, S.A. (Argentina) and Compañía de Seguridad Prosegur, S.A. (Peru). The contract includes the following compulsory financial ratios:

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

Syndicated loan (Spain)

In December 2016, through its subsidiary, Prosegur Cash S.A., Prosegur arranged a three-year syndicated credit facility of EUR 600,000 thousand.

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

Syndicated loan (Australia)

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

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of euros	
	2017	2016
Less than 1 year	8,963	11,499
Between 1 to 5 years	13,799	14,135
Over 5 years	251	304
Interests	(2,532)	(2,033)
	20,481	23,905

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

Bailment

Prosegur in Australia has access to bailment facilities for the supply of cash to automated teller machines belonging to Prosegur. In these facilities, the cash is owned by the bailor, which has contracts directly with Prosegur. Prosegur has access to this money for the sole purpose of loading cash into the ATMs, which are governed by this contract. The settlement of the corresponding cash assets and liabilities is carried out via regulated clearing systems, such as the right of offset. As a result of the foregoing, no assets and liabilities are presented in the consolidated annual accounts for this item. The amount of cash in circulation at 31 December 2017 amounted to 47.70 million Australian dollars (equivalent to 31.08 million euros) (at 31 December 2016 67.60 million Australian dollars, equivalent to 46.65 million euros).

Loans and borrowings (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of South African company SBV Services Proprietary Limited, Prosegur arranged a four-year bullet loan of RAND 272,000 thousand on 29 January 2016 (equivalent at 31 December 2017 to EUR 18,372 thousand).

Other debts

Other debts mainly relate to amounts payables in connection with business combinations carried out in this and previous years (Note 29). Details of other debts are as follows:

	Thousands of euros	
	2017	2016
Non-current		
Contingent and deferred payments for acquisitions	8,950	2,639
Other	7,906	10,633
	16,856	13,272
Current		
Contingent and deferred payments for acquisitions	23,904	30,854
Other	4,575	823
	28,479	31,677

The deferred and contingent payments for acquisitions are as follows:

Thousands of euros	Currency	2017		2016	
		Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Valores	Brazilian Real	-	955	-	1,004
Transvíg-Transporte de Valores e Vigilancia LTDA	Brazilian Real	365	730	769	384
Nordeste and Transbank Group	Brazilian Real	-	5,514	-	19,689
Prover Electronica, Ltda.	Brazilian Real	-	-	-	108
Martom Segurança Eletrônica Ltda.	Brazilian Real	-	146	-	377
Evttec Management Services PTE LTD	Singapore Dollar	-	-	-	286
Securlog GmbH	Euro	-	258	-	258
MIV Gestión S.A.	Euro	-	-	-	323
Dognaedis Lda	Euro	1,381	-	1,381	70
Grupo Contesta	Euro	5,834	3,219	-	-
Indiseg Evolium Group, S.L.	Euro	472	-	400	200
Asset Purchase from Toll Transport Pty Ltd	Australian dollar	-	4,561	-	4,796
Segura Group	Uruguayan Peso	-	-	-	108
Genper, S.A.	Uruguayan Peso	-	-	-	118
Asset Purchase from Radar S.A.	Paraguayan Guarani	-	2,491	-	-
Purchase of Client Portfolio from CSS Tactical Proprietary Limited	South African Rand	-	1,652	-	-
Nanjing Zhong Dun Security Services	Renminbi	-	128	82	82
Inversiones BIV, S.A. and subsidiary	Colombian Peso	-	226	-	357
Integra Group - Colombia	Colombian Peso	-	1,978	-	2,240
Shanghai Bigu Group	Renminbi	-	51	-	219
TC Interplata S.A.	Argentine Peso	7	124	7	100
Tellex, S.A.	Argentine Peso	-	25	-	135
Other business combinations of Prosegur Cash	Miscellaneous	891	1,846	-	-
		8,950	23,904	2,639	30,854

The reconciliation of the amounts classified as financial liabilities with the cash flows for financing activities in the Statements of Cash Flows is as follows:

Thousand of euros	Debentures and other negotiable securities	Loans and borrowings	Finance lease payables	Credit accounts	Other debts	Total
Balance as of 1 January 2017	509,195	816,218	23,905	187,713	44,949	1,581,980
Cash flows from financing activities	595,010	(591,722)	(2,656)	(153,078)	(17,263)	(169,709)
Acquisitions/accrual interest	-	-	-	-	3,412	3,412
Business combinations (Note 29)	-	-	1,689	-	16,784	18,473
Translation differences	-	(9,918)	(2,457)	(877)	(2,547)	(15,799)
Balance as of 31 December 2017	1,104,205	214,578	20,481	33,758	45,335	1,418,357

24. Trade and other payables

Details of trade and other payables are as follows:

	Thousands of euros	
	2017	2016
Trade payables	200,847	208,212
Accrued personnel costs	259,213	276,522
Social Security and other taxes	227,730	197,917
Other payables	162,893	103,042
	850,683	785,693

Accrued personnel costs

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

Accrued personnel costs include EUR 46,021 thousand relating to the incentive programme (in 2016: EUR 36,886 thousand). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 66,485 thousand (in 2016: EUR 60,611 thousand).

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

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

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

	2017	2016
	Days	Days
Average supplier payment period	57	61
Ratio of paid operations	56	60
Ratio of operations pending payment	63	74
	Thousands of euros	Thousands of euros
Total payments made	282,217	280,787
Total payments pending	23,656	19,916

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

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

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

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

25. Other liabilities

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

Details of this item are as follows:

Thousands of euros	2017	2016
	Current	Current
Revenues received in advance	35,316	31,364
Other liabilities	8,746	9,247
	44,062	40,611

Revenues received in advance mainly include the advanced billing of alarm system contracts for EUR 20,070 thousand (in 2016: EUR 17,940 thousand), along with revenue received in advance associated with building contracts (Note 18).

26. Taxation

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

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

Certain companies in France, all of which are direct or indirect investees of Prosegur, form two consolidated tax groups and file tax returns pursuant to legislation under the special "Intégration Fiscale" scheme under French law.

In Luxembourg, Prosegur has a new tax consolidation group comprising Luxpai CIT SARL and Pitco Reinsurance S.A.

In Portugal, Prosegur has a consolidated tax group made up of the following Portuguese companies: Prosegur Companhia de Segurança Ltda., Prosegur Distribuição e Serviços Ltda., Prosegur Agencia Promoção e Comercialização de Produtos e Serviços Unipessoal Lda., Prosegur Logística e Tratamento de Valores Portugal S.A., Prosegur Alarmes Dissuasão Potugal Unipessoal Ltda., Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda., Prosegur de Serviços Partilhados Unipessoal Lda., and Prosegur Gestão de Activos Imobiliários, S.A.

In Australia, there is a consolidated tax group made up of five Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia, Prosegur Technology Pty Limited and Prosegur Asset Management.

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

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

	Thousands of euros	
	2017	2016
Current tax	137,140	162,707
Deferred tax	8,489	(22,589)
	145,629	140,118

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

	Thousands of euros	
	2017	2016
Tax expense for the year	117,789	141,540
Adjustments from previous years	1,884	10,472
Loss without recognised deferred tax	17,467	10,695
	137,140	162,707

The main items comprising the deferred tax expense (revenue) are as follows:

	Thousands of euros	
	2017	2016
Tax loss carried forward and tax deductions	7,937	(9,607)
Provisions and temporary differences	8,421	11,295
Amortisation of intangible assets	(1,110)	(23,440)
Depreciation of property plant and equipment	(6,759)	(837)
	8,489	(22,589)

In accordance with Brazilian tax legislation on the tax amnesty for federal taxes in 2017, the Brazilian companies transferred and used the applicable tax credits.

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

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

	Thousands of euros	
	2017	2016
Profit before income tax	343,938	274,249
Tax rate	25%	25%
Result of applying tax rate to profit	85,984	68,562
Permanent differences	14,762	30,464
Effect of applying different tax rates	27,447	21,095
Adjustment of deferred taxes from previous years	2,571	(763)
Adjustment to taxes from previous years	1,884	10,472
Loss without deferred tax	17,467	10,695
Previously unrecognised deductions applied	(4,486)	(407)
Income tax expense	145,629	140,118

The effective tax rate in 2017 is 42.3% versus 51.1% in 2016, representing a decrease of 8.8%, attributable to the greater impact in 2016 of the corporate restructuring process that the Company undertook two years ago. Excluding the effects associated with the corporate restructuring, the effective tax rate in 2017 is 36.6% versus 34.8% in 2016.

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

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

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

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

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

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

Deferred tax assets

Thousands of euros	1 January 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2017
Depreciation of property, plant and equipment	11,847	5,601	-	-	-	340	17,788	528	-	-	-	(1,091)	17,225
Amortisation of intangible assets	11,317	(658)	-	-	-	2,700	13,359	(7,576)	-	-	-	(577)	5,206
Tax losses and deductions	37,786	9,607	-	-	-	7,134	54,527	(7,937)	-	-	-	(2,486)	44,104
Provisions	78,810	11,750	-	129	-	6,618	97,307	(7,759)	280	824	-	(12,745)	77,907
Investments and others	24,199	(22,016)	-	-	-	464	2,647	2,015	-	-	-	(139)	4,523
	163,959	4,284	-	129	-	17,256	185,628	(20,729)	280	824	-	(17,038)	148,965

Deferred tax liabilities

Thousands of euros	1 January 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2016	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	31 December 2017
Depreciation of property, plant and equipment	(20,454)	(4,764)	(1,733)	-	-	(428)	(27,379)	6,231	-	-	-	1,990	(19,158)
Amortisation of intangible assets	(80,060)	24,098	-	-	(915)	(6,244)	(63,121)	8,685	-	-	-	4,158	(50,278)
Investments and impairments	(2,612)	(8,834)	-	-	-	(66)	(11,512)	2,160	-	-	-	-	(9,352)
Provisions and others	(13,713)	7,805	-	-	915	(1,156)	(6,149)	(4,836)	(4,793)	-	-	1,161	(14,617)
	(116,839)	18,305	(1,733)	-	-	(7,894)	(108,161)	12,240	(4,793)	-	-	7,309	(93,405)

Tax losses as of 31 December 2017 totalled EUR 36,027 thousand (2016: EUR 50,575 thousand). Tax deductions as of 31 December 2017 totalled EUR 8,077 thousand (2016: EUR 8,544 thousand).

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

Thousands of euros	2017	2016
Equity profit and loss	824	129
	824	129

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

	Thousands of euros	
	2017	2016
Deferred tax assets	129,457	163,911
Deferred tax liabilities	(86,587)	(100,066)
	42,870	63,845

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

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

	Thousands of euros			
	2017		2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Brazil	60,044	(31,209)	91,622	(41,229)
Spain	19,712	(27,036)	22,468	(24,372)
Argentina	11,021	(7,242)	17,057	(8,567)
France	5,273	(3,529)	3,447	(3,932)
Other	52,915	(24,388)	51,034	(30,061)
Total	148,965	(93,404)	185,628	(108,161)

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

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

The consolidated balance sheet presents the balances of deferred taxes pursuant to the terms established in IAS 12 with regard to the offsetting of current tax assets and liabilities in certain conditions, such conditions are met in Spain, France, Portugal, and Australia. In the breakdown of deferred assets and liabilities, they are shown without offsetting.

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

	Thousands of euros		
Year	Total	Uncapitalised	Capitalised
Subsequent years or no time limit	270,924	146,952	123,973
	270,924	146,952	123,973

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

	Thousands of euros		
	Capitalised	Uncapitalised	Total amount
Germany	57,007	3,275	60,282
France	16,584	50,185	66,769
Portugal	3,642	625	4,267
Argentina	152	6,689	6,841
Brazil	10,608	21,396	32,004
Chile	29,368	15,159	44,527
Colombia	2,481	8,254	10,735
Mexico	58	25,962	26,020
Paraguay	-	1,067	1,067
Peru	594	1,697	2,291
Uruguay	1,400	5,769	7,169
China	332	783	1,115
India	-	297	297
Hong Kong	-	1,993	1,993
Singapore	-	3,331	3,331
Netherlands	-	93	93
South Africa	1,746	-	1,746
Other	-	377	377
Total	123,972	146,952	270,924

The most significant uncapitalised tax loss carryforwards correspond to France, Mexico, Brazil, Chile, and Argentina. Prosegur has capitalised and uncapitalised tax loss carryforwards available for offset after 2018 totalling EUR 270,924 thousand, of which EUR 212,109 thousand has no time limit for their offset, while there is such a limit for the remaining EUR 58,815 thousand.

Deferred tax assets are recognised provided that it is probable that sufficient future income will be generated against which the temporary differences can be offset. The recoverable amount of a CGU is determined based on its value in use. These calculations use cash flow projections based on financial budgets, approved by management, covering a four-year period that exclude the effects of potential future improvements in the return on assets (Note 12).

On 10 May 2016, the commencement of a partial corporate income tax inspection of the origin of freedom of depreciation for job creation or maintenance in 2011 and the deductibility of remuneration paid to directors between 2011 and 2014, was announced.

Furthermore, on the same date, 10 May 2016, the commencement of an inspection of Prosegur Compañía de Seguridad (acquiring company), as the successor of the takeover merger of Prosegur Transporte de Valores and Prosegur Activa España (both acquired companies), was announced. This partial corporate income tax inspection also relates to the origin of freedom of depreciation for job creation or maintenance in 2011.

As a consequence of these inspections, the following were signed:

- Tax assessment regarding freedom of depreciation, signed on an uncontested basis.
- Tax assessment regarding remuneration paid to directors signed on a contested basis, with payment due of 390,145.61 euros plus 30,267.58 euros in interest.

With regard to the tax assessment signed on a contested basis, submissions have been filed as Prosegur expects a favourable outcome. A response has yet to be received on these submissions from the Technical Office of the State Tax Authorities.

In addition, the Company is involved two cases, filed by the Spanish government, that are pending a ruling in relation to two tax assessments that were signed on a contested basis and for which no provision was made. The first action was filed in 2012 and relates to corporate income tax for 2005, 2006, and 2007, with a total tax debt of EUR 8,268 thousand; at present, this case is pending ruling by the Spanish High Court. The second action was filed in 2014 and relates to the corporate income tax for 2008 and 2009, with a total tax debt of EUR 16,072 thousand. This case is pending ruling by the Central Economic Administrative Court.

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

Since current tax law is somewhat ambiguous and open to various interpretations, additional tax liabilities could arise in the event of an inspection. In any event, the Company's directors do not believe that any such liabilities would have a significant impact on the consolidated annual accounts.

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

- In Argentina, the takeover merger of Transportadora de Caudales Interplata S.A. by Transportadora de Caudales Juncadella, S.A., effective 1 January 2017.
- In Peru, the takeover merger of Servicios de Efectivo de Perú, S.A. by Compañía de Seguridad Prosegur, S.A., effective 31 October 2017.
- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança in favour of Segurpro Vigilância Patrimonial S.A., effective 31 December 2017.
- In Spain, the transfer of 100% of the shares in Luxpai Holdo SARL by Prosegur Compañía de Seguridad, S.A. to Prosegur Global SIS ROW, S.L.U.

27. Contingencies

Guarantees

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

Guarantees provided by Prosegur to third parties are as follows:

	Thousands of euros	
	2017	2016
Commercial guarantees	223,448	156,187
Financial guarantees	294,543	206,236
	517,991	362,423

Commercial guarantees include those given to customers.

Financial guarantees essentially include those relating to litigation in process totalling EUR 162,406 thousand (in 2016: EUR 79,182 thousand). Civil and labour lawsuits in Brazil amount to EUR 124,435 thousand as of 31 December 2017 (as of 31 December 2016, EUR 72,800 thousand) (see Note 22).

Spanish National Markets and Competition Commission (CNMC)

On 22 April 2015, the National Markets and Competition Commission (CNMC) filed proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. and Loomis España, S.A. for alleged anti-competitive practices under the laws of the European Union. On 10 November 2016, the Competition Court of the CNMC imposed a fine of EUR 39,420 thousand on Prosegur and its subsidiary.

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

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

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

Prosegur alone will assume full responsibility for and meet all costs involved in defending Prosegur and Prosegur Servicios de Efectivo España, S.L. and will therefore have exclusive authority on how to mount and control that defence and on how to pursue the legal proceedings.

The ruling to be handed down by the Spanish High Court regarding the decision reached by the CNMC may give rise to additional liabilities once that judgment is delivered. In any event, on the basis of the opinion of legal experts, the Company's directors do not believe that the liabilities that could arise would have a significant impact on the consolidated annual accounts.

Liquidation of subsidiaries in France

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

Liquidation of subsidiaries in Romania

At the end of 2017, SC Rosegur, S.A. is involved in insolvency proceedings and SC Rosegur Cash Services, S.A. has been declared bankrupt. Rosegur Holding Corporation, S.L. has been wound up, as agreed by the shareholders at their general meeting, and is currently in liquidation. Lastly, SC Rosegur Fire, S.R.L. and SC Rosegur Training, S.R.L., both inactive, form part of the equity of SC Rosegur, S.A. to be liquidated as part of the insolvency proceedings. The directors do not expect significant liabilities to arise from this process.

28. Commitments**Purchase commitments for fixed assets**

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

	Thousands of euros	
	2017	2016
Property, plant and equipment	16,124	14,455
Other intangible assets	1,809	457
	17,933	14,912

As of 31 December 2017, the commitments corresponded primarily to the purchase of armoured vehicles, machinery, and installations.

Operating lease commitments

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

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

On December 2017	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Type			
Properties	18,446	41,091	18,886
Vehicles	17,492	21,004	10,502
Other assets	206	467	203
	36,144	62,562	29,591

On December 2016	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Type			
Properties	16,216	39,598	12,714
Vehicles	12,363	11,715	5,858
Other assets	-	-	-
	28,579	51,313	18,572

The main operating leases for properties are as follows:

- Lease for buildings located at Calle Santa Sabina 8 and Calle Pajaritos 24 in Madrid, between the parent, Prosegur Gestión de Activos, S.L., and Proactinmo, S.L.U. The total expense for these leases amounts to EUR 1,921 thousand in 2017 (in 2016: EUR 1,859 thousand), (Note 30).
- Lease held by Prosegur Brasil, S.A. for the use of operating bases in Rio de Janeiro and São Paulo. The total expense for these leases amounts to EUR 2,267 thousand in 2017 (in 2016: EUR 2,334 thousand).
- Lease held by Prosegur Companhia de Segurança, Ltda. for the office building located at Avenida Berna, 54 in Lisbon. The total expense for this lease amounts to EUR 220 thousand in 2017 (in 2016: EUR 220 thousand).

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

The cost of operating leases in the consolidated income statement for 2017 amounts to EUR 80,469 thousand (in 2016: EUR 84,950 thousand) (Note 4). There are no contingent payments in this regard.

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

29. Business Combinations

Details of changes in goodwill are presented in Note 12.

29.1. Goodwill recognised in 2017

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

Thousands of euros	Segment to which allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Cash Services Australia Pty Limited ⁽¹⁾	Cash	2,171	-	2,171	2,171	-
Grupo Contesta ⁽¹⁾	Cash	6,695	8,914	15,609	10,512	5,097
Asset Purchase from Omni S.A. ⁽¹⁾	Alarms	3,330	2,482	5,812	5,102	710
Other business combinations of Prosegur Cash ⁽¹⁾	Cash	26,972	5,388	32,360	20,485	11,875
		39,168	16,784	55,952	38,270	17,682

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

Goodwill is not tax-deductible.

Had the businesses acquired in 2017 been acquired on 1 January 2017, the revenue in the 2017 consolidated income statement would have increased by EUR 25,586 thousand, and profit for the year would have increased by EUR 5,700 thousand.

Prosegur has recognised transaction costs of EUR 1,430 thousand under selling, general and administrative expenses in the consolidated income statement (in 2016: EUR 1,172 thousand).

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

Thousands of euros	Country	Segment	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Cash Services Australia Pty Limited ⁽¹⁾	Australia	Cash	2,171	(170)	2,001
Grupo Contesta ⁽¹⁾	Spain	Cash	6,695	(983)	5,712
Asset Purchase from Omni S.A. ⁽¹⁾	Paraguay	Alarms	3,330	-	3,330
Other business combinations of Prosegur Cash ⁽¹⁾	Miscellaneous	Cash	26,972	(2,333)	24,639
			<u>39,168</u>	<u>(3,486)</u>	<u>35,682</u>

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

Cash Services Australia Pty Limited

On 17 February 2017, Prosegur acquired 100% of Cash Services Australia Pty Limited, an Australian security company that provides cash and valuables in transit and cash management services. The total purchase price was AUD 2,998 thousand (equivalent on the acquisition date to EUR 2,171 thousand), comprising a cash payment of AUD 2,406 thousand (equivalent on the acquisition date to EUR 1,742 thousand) and a contingent deferred payment for a total of AUD 592 thousand (equivalent on the acquisition date to EUR 429 thousand), maturing in 2017.

The acquired assets were consolidated from 17 February 2017. Meanwhile, the revenue and net losses contributed to the consolidated income statement for 2017 totalled EUR 3,844 thousand and EUR 45 thousand, respectively.

The following assets and liabilities were generated from the acquisition:

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

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

Grupo Contesta

On 14 September 2017, Prosegur acquired 100% of the Grupo Contesta in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand, comprising a cash payment of EUR 6,695 thousand and a contingent deferred payment of EUR 8,914 thousand with maturity in 2018, 2019, and 2020.

The business acquired was consolidated from 14 September 2017. The revenues and net profit contributed to the consolidated income statement for 2017 totalled EUR 5,466 thousand and EUR 252 thousand, respectively. The following assets and liabilities were generated from the acquisition:

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

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

Asset purchase from Omni S.A.

On 1 December 2017, Prosegur acquired a number of assets from Omni S.A., a Paraguayan security firm specialising in monitoring residential alarms. The total purchase price was PYG 39,039,000 thousand (equivalent on the acquisition date to EUR 5,811 thousand), comprising a cash payment of PYG 22,369,000 thousand (equivalent on the acquisition date to EUR 3,330 thousand) and a contingent deferred consideration of PYG 16,670,000 thousand (equivalent on the acquisition date to EUR 2,481 thousand), maturing in 2018.

The acquired assets were consolidated from 1 December 2017. It contributed revenue of EUR 261 thousand and net profit of EUR 180 thousand to the 2017 consolidated income statement.

The following assets and liabilities were generated from the acquisition:

(Thousands of euros)	Carrying amount of the acquiree	Fair value
Property, plant and equipment	89	89
Other intangible assets	-	5,013
Identifiable net assets acquired	89	5,102

The goodwill on this acquisition was allocated to the Alarms segment and to the Latin America geographical area and mainly reflects the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. Intangible assets comprise customer relations (EUR 4,831 thousand), with a useful life of 8.5 years, and a non-compete agreement (EUR 182 thousand) with a useful life of 5 years.

Other business combinations of Prosegur Cash

In 2017, Prosegur acquired a number of assets and security companies in Latin America that provide securities logistics and cash management services. The total purchase price was EUR 32,360 thousand, comprising a cash payment of EUR 26,972 thousand, a deferred payment totalling EUR 4,045 thousand falling due in 2017, 2018 and 2019, and a contingent deferred payment of EUR 1,343 thousand, with maturity in 2018 and 2019.

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

The following assets and liabilities were generated from the acquisition:

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

The goodwill on this acquisition was allocated to the Cash segment and to the Latin America geographical area and mainly reflects the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. Intangible assets comprise customer relations (EUR 14,043 thousand), with a useful life of between 7 and 19 years, and a non-compete agreement (EUR 867 thousand) with a useful life of 10 years.

29.2. Goodwill recognised in 2016 and not revised in 2017

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

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

Goodwill is not tax-deductible.

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

Thousands of euros	Country	Segment to which allocated	Cash payment	Cash and cash equivalents acquired	Total purchase price
MIV Gestión S.A.	Spain	Cash	698	(240)	458
Dognaedis Lda.	Portugal	Security	60	(9)	51
Beagle Watch Armed Response Proprietary Limited	South Africa	Alarms	2,155	(35)	2,120
Procesos Técnicos de Seguridad y Valores S.A.S.	Colombia	Cash	156	(3)	153
Indiseg Evolium Group, S.L. ⁽¹⁾	Spain	Security	961	-	961
Asset Purchase from Toll Transport Pty Ltd	Australia	Cash	7,218	-	7,218
			11,248	(287)	10,961

MIV Gestión, S.A.

On 8 January 2016, Prosegur acquired 100% of MIV Gestión S.A., a Spanish security firm that provides international transit services for valuable and vulnerable goods. The total purchase price was EUR 1,141 thousand, comprising a cash payment of EUR 698 thousand, a deferred payment totalling EUR 360 thousand falling due in 2016 and 2017 and a contingent deferred payment of EUR 83 thousand.

The acquired business was consolidated from 8 January 2016.

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

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

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets comprise customer relationships (EUR 701 thousand) and have a useful life of five years.

Beagle Watch Armed Response Proprietary Limited

On 28 January 2016, Prosegur acquired 57% of Beagle Watch Armed Response Proprietary Limited, a South African security firm specialising in monitoring residential alarms. The total purchase price was RAND 42,251 thousand (equivalent on the acquisition date to 2,415 thousand euros), comprising a cash payment of 37,697 thousand South African rand (equivalent on the acquisition date to 2,155 thousand euros), and a deferred amount to secure possible liabilities amounting to RAND 4,554 thousand (equivalent on the acquisition date to EUR 260 thousand). In addition, Prosegur increased its shareholding in Beagle Watch Armed Response Proprietary Limited by 18% by subscribing a capital increase for a total amount of RAND 53,369 thousand (equivalent on the acquisition date to 3,051 thousand euros), thus bringing Prosegur's shareholding in the company to 75%. Payment for this capital increase was made on 16 March 2017.

The acquired business was consolidated from 28 January 2016.

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

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

The goodwill on this acquisition was allocated to the Alarms segment and to the AOA geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur.

Dognaedis, Lda.

On 14 March 2016, Prosegur acquired 100% of Dognaedis, Lda. S.A., a Portuguese company specialising in cybersecurity services. The total purchase price was EUR 1,511 thousand, comprising a cash payment of EUR 60 thousand and a contingent deferred payment totalling EUR 1,451 thousand.

The acquired business was consolidated from 14 March 2016.

The following assets and liabilities were generated from the acquisition:

(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)
Long term financial liabilities	(140)	(140)
Other intangible assets	251	723
Financial debt	(45)	(45)
Deferred tax	-	(115)
Identifiable net assets acquired	88	445

The goodwill on this acquisition was allocated to the Security segment and to the European geographical area and mainly reflected the profitability of the business and the 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 Procesos Técnicos de Seguridad y Valores S.A.S., a Colombian firm specialising in cash management services, including the processing, packaging and recycling of banknotes and coins. The total purchase price was COP 512,000 thousand (equivalent on the acquisition date to EUR 156 thousand), comprising a single cash payment of COP 512,000 thousand (equivalent on the acquisition date to EUR 156 thousand).

The acquiree was consolidated from 29 April 2016.

The following assets and liabilities were generated from the acquisition:

(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 Cash segment and to the Latin America geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur.

Indiseg Evolium Group, S.L.

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

The acquiree was consolidated from 3 November 2016.

The following assets and liabilities were generated from the acquisition:

(Thousands of euros)	<u>Carrying amount of the acquiree</u>	<u>Fair value</u>
Property, plant and equipment	25	25
Trade and other receivables	819	819
Trade and other payables	(379)	(379)
Financial liabilities	(268)	(268)
Other intangible assets	-	935
Deferred tax	-	(234)
Identifiable net assets acquired	197	898

The goodwill on this acquisition was allocated to the Security segment and to the European geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relations (EUR 935 thousand) and have a useful life of eight years.

Toll Transport Pty Ltd

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

The acquired assets were consolidated from 4 November 2016.

The following assets and liabilities were generated from the acquisition:

(Thousands of euros)	<u>Carrying amount of the acquiree</u>	<u>Fair value</u>
Cash and cash equivalents		
Property, plant and equipment	3,458	3,458
Trade and other payables	(248)	(248)
Other intangible assets	-	3,892
Deferred tax	-	(1,168)
Identifiable net assets acquired	3,210	5,934

The goodwill on this acquisition was allocated to the Cash segment and to the AOA geographical area and mainly reflected the profitability of the business and the major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relations (EUR 3,892 thousand) and have a useful life of 13 years.

30. Related parties

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid that owns 50.075% of the Company's shares. The remaining 49.925% is held by various shareholders, the main ones being Oppenheimer Acquisition Corporation with 5.665%, AS Inversiones, S.L. with 5.328%, FMR LLC with 3.962%, and Invesco Limited with 1.879% (Note 21).

Purchases of goods and services

In October 2005, a lease agreement was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for a building located at calle Santa Sabina, no. 8, in Madrid, adjacent to a building located at calle Pajaritos, no. 24. In December 2015, a novation of the lease was signed so as to bring the annual rent to EUR 1,012 thousand, in line with market conditions, and to extend the term of the contract from five to ten years, which may be extended by a further year. A total expense of EUR 1,164 thousand was incurred for this lease in 2017 (in 2016: EUR 1,154 thousand).

In December 2015, a lease was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the rental of the building located in Calle Pajaritos, no. 24, in Madrid. The duration of the contract is ten years, renewable for one year, and it has been updated in line with market conditions. A total expense of EUR 757 thousand was incurred for this lease in 2017 (in 2016: EUR 705 thousand).

Both leases are at market prices.

During the year, the Euroforum Group (controlled by Gubel, S.L.) billed EUR 193 thousand to Prosegur for hotel services (in 2016: EUR 87 thousand).

Provision of services

In 2017, Prosegur provided security services to Gubel, S.L. amounting to EUR 22 thousand (2016: EUR 14 thousand), and to Proactinmo, S.L.U. (controlled by Gubel, S.L.) for a total of EUR 87 thousand (2016: EUR 49 thousand).

During the fiscal year, Prosegur invoiced the Euroforum Group (controlled by Gubel, S.L.) for EUR 284 thousand (2016: EUR 307 thousand).

In 2017, no assets were sold to related companies.

Remuneration of board members and key management personnel

1. Remuneration of directors

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

	Thousands of euros	
	2017	2016
Fixed remuneration	1,717	1,325
Variable remuneration	250	500
Remuneration for Board membership	160	590
Daily allowances	190	152
Life insurance premiums	66	57
	2,383	2,624

2. Remuneration of Senior Management

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

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

	Thousands of euros	
	2017	2016
Fixed remuneration	1,616	2,812
Variable remuneration	1,187	1,534
Remuneration in kind	48	117
Life insurance premiums	10	8
	2,861	4,471

Expenses relating to civil liability insurance for directors and senior management totalled EUR 468 thousand (2016: EUR 116 thousand).

At the annual general meeting held on 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation during the period from 2012 to 2014.

At the annual 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, as under the previous plan (Note 34.19).

In relation to the 2014 and 2017 long-term incentive plans for the CEO and Senior Management of Prosegur (Note 5.1), an expense of EUR 6,695 thousand has been recognised under salaries and wages in relation to the commitment accrued in 2017 (2016: EUR 4,260 thousand) (Note 22).

The liability for the total commitment acquired has been recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (Note 22).

In 2017, EUR 1,526 thousand was applied for the settlement of the last part of the 2014 Plan (Note 22) (in 2016: EUR 988 thousand).

Loans and investments with related parties

As of 31 December 2017 and 2016, there were no loans to related entities with the exception of the EUR 2,565 thousand loan extended by Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is accounted for using the equity method (Note 15).

Through Gesconsult S.A., Prosegur has invested EUR 50,000 thousand in a fixed-income fund, for which an expense for management fee of 0.60% was recorded. The Chairman of Gesconsult, Juan Lladó Fernández-Urrutia, is a related person of Christian Gut Revoredo. Following a favourable report from the corresponding delegated commission, the Board of Directors authorised this related party transaction on 3 April 2017.

Investments and positions held by the members of the Board of Directors of the parent and their related parties at 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 Corporate Enterprises Act

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Spanish Corporate Enterprises 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 2017 in which the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Company.

The firm J&A Garrigues, S.L.P. has provided legal and tax advisory services to Prosegur, on a recurring basis, within the ordinary course of business and under market conditions, dating back long before the appointment of Fernando Vives as a director of the Company. Prosegur does not work exclusively with the firm J&A Garrigues, S.L.P. and receives legal and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not significant for the firm in material terms, nor do they represent a significant amount in Prosegur's accounts. As of 31 December 2017, fees amount to EUR 1,305 thousand which represents less than 0.5% of the sales and administrative expenses of Prosegur (Note 4) and the total sales of Garrigues (as of 31 December 2016: EUR 698 thousand).

Furthermore, Prosegur has provided surveillance services to the law firm J&A Garrigues, S.L.P. during the 2017 financial year. Surveillance services billed to J&A Garrigues, S.L.P. as of 31 December 2017 amounted to EUR 524 thousand which represents less than 0.5% of the total revenue of Prosegur (EUR 542 thousand as of 31 December 2016).

These services are performed through partners at the firm other than Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is wholly independent and not linked in any way to the firm's invoicing to Prosegur. As the relationship between the firm J&A Garrigues, S.L.P. and Prosegur is a recurring and non-exclusive arrangement which forms part of their ordinary course of business and, as mentioned above, is insignificant, the Board of Directors is confident that it does not compromise the independence of Fernando Vives in his capacity as an independent director of Prosegur.

In 2017, Prosegur contracted equity advisory services from Lazard Asesores Financieros, S.A. with regard to the process of preparing a possible IPO of the Cash business division, Prosegur Cash, S.A. Following the flotation of Prosegur Cash, S.A., the contractual relationship with Lazard Asesores Financieros, S.A. ended. Mr D'Ornellas did not form part of the advisory team that provided services to Prosegur at the time. The contracting of Lazard Asesores Financieros, S.A. was the result of an internal tender in which Mr. D'Ornellas did not participate or have any influence in the final decision. The relationship between Mr D'Ornellas and Lazard Asesores Financieros, S.A. is a commercial relationship to provide advisory services in the area of Latin America and his remuneration does not involve a share in the profits of Lazard Asesores Financieros, S.A. Lazard Asesores Financieros, S.A.'s billing to Prosegur for the equity advisory services contracted did not represent more than 5% of the annual turnover of Lazard Asesores Financieros, S.A. in 2017. In addition, Mr D'Ornellas's remuneration as senior advisor of Lazard Asesores Financieros, S.A. is wholly independent and not linked in any way to the company's billing to Prosegur or to the aforementioned flotation. For these reasons, the Board of Directors considers that the business relationship between Lazard Asesores Financieros, S.A. and Prosegur does not affect in any way the independence of Mr Fernando D'Ornellas to work as an independent director of Prosegur as the relationship was within the ordinary course of business, not exclusive and insignificant under the terms indicated, and was limited to a specific operation for which Mr D'Ornellas does not form part of the advisory team of Lazard Asesores Financieros, S.A. nor does it affect in any way his remuneration.

31. Financial risk management and fair value

31.1. Financial risk factors

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

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

Currency risk

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

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

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

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

On 31 December 2017

Thousands of euros	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	Total position
Loans to related parties	-	-	-	-	-	-	-	-
Non-current financial assets	-	111	-	-	-	-	-	111
Total non-current assets	-	111	-	-	-	-	-	111
Trade and other receivables	68,677	14,686	-	-	-	-	-	83,363
Other current financial assets	3,700	100	-	-	5,454	12,381	347	21,982
Cash and cash equivalents	25,797	20,853	-	-	381	281	-	47,312
Total current assets	98,174	35,639	-	-	5,835	12,662	347	152,657
Financial liabilities	-	331	-	-	19,101	-	-	19,432
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Non-current liabilities	-	331	-	-	19,101	-	-	19,432
Trade and other payables	35,554	50,621	-	3	2	-	31	86,211
Financial liabilities	5,047	4,613	151	1,838	3,625	-	308	15,582
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Current liabilities	40,601	55,234	151	1,841	3,627	-	339	101,793
Net position	57,573	(19,815)	(151)	(1,841)	(16,893)	12,662	8	31,543

On 31 December 2016

Thousands of euros	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	Total position
Loans to related parties	-	-	-	-	-	-	-	-
Non-current financial assets	-	90	-	-	-	-	364	454
Total non-current assets	-	90	-	-	-	-	364	454
Trade and other receivables	14,746	5,174	-	-	-	-	1,840	21,760
Other current financial assets	-	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	34,590	5,196	-	-	-	-	-	39,786
Total current assets	49,336	10,370	-	-	-	-	1,840	61,546
Financial liabilities	3,659	222	-	-	-	-	18,739	22,620
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Non-current liabilities	3,659	222	-	-	-	-	18,739	22,620
Trade and other payables	11,305	18,081	1,166	-	-	-	8,624	39,176
Financial liabilities	29,174	3,755	493	2,599	-	-	410	36,431
Derivative Financial Instruments	-	-	-	-	-	-	-	-
Current liabilities	40,479	21,836	1,659	2,599	-	-	9,034	75,607
Net position	5,198	(11,598)	(1,659)	(2,599)	-	-	(25,569)	(36,226)

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

	2017		2016	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar	1.13	1.20	1.11	1.05
Brazilian Real	3.60	3.97	3.86	3.43
Argentine Peso	18.72	22.31	16.33	16.76
Chilean Peso	732.21	737.83	748.56	703.39
Mexican Peso	21.33	23.66	20.66	21.77
Peruvian Nuevo Sol	3.68	3.88	3.74	3.54
Colombian Peso	3,336.10	3,578.71	3,379.51	3,163.05

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

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

Thousands of euros	Increase in exchange rate		Drop in exchange rate	
	Net worth	Result	Net worth	Result
On 31 December 2017				
Brazilian Real (15% variation)	85,332	(33)	(59,298)	23
Argentine Peso (25% variation)	266,714	16,674	(119,828)	(7,491)
Chilean Peso (10% variation)	14,810	(2,361)	(12,117)	2,475
Peruvian Nuevo Sol (10% variation)	11,347	(4,314)	(9,284)	3,530
US Dollar (10% variation)	64	(63)	(52)	(679)
On 31 December 2016				
Brazilian Real (18% variation)	81,085	(364)	(56,347)	253
Argentine Peso (38% variation)	194,275	4,986	(87,283)	(2,240)
Chilean Peso (10% variation)	12,218	(1,379)	(9,997)	1,646
Peruvian Nuevo Sol (10% variation)	12,157	(494)	(9,946)	404
US Dollar (10% variation)	74	(1,083)	(61)	886

Credit risk

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

Prosegur has formal procedures for detecting objective evidence of impairment of trade receivables. As a result of the same, it identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. The impairment of trade receivables on 31 December 2017 amounts to EUR 66,618 thousand (in 2016: EUR 75,593 thousand) (Note 19) and the trade receivables not included in this provision at year end have sufficient credit quality, so the credit risk for these accounts receivable is considered covered by this provision.

In Spain, the Collections Department manages an approximate monthly volume of 8,387 customers (excluding customers from alarms) with a monthly average turnover of EUR 9,185 per customer. The payment method most used by customers is bank transfer which represents 87% while the remaining 13% is represented by notes (cheques, promissory notes, direct debits, etc.).

Details of the percentage of total Prosegur turnover represented by the eight main customers are as follows:

Counterparty	2017	2016
	Customer 1	6.89%
Customer 2	5.42%	3.53%
Customer 3	4.71%	2.82%
Customer 4	3.79%	2.28%
Customer 5	3.63%	2.21%
Customer 6	2.41%	1.66%
Customer 7	2.28%	1.22%
Customer 8	2.19%	1.14%

As explained in Note 19, as of 31 December 2017 Prosegur does not have a factoring contract.

Cash flow and fair value interest rate risks

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

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

Thousands of euros	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
On 31 December 2017					
Total financial liabilities (fixed rate)	523,546	94,024	26,845	594,308	1,238,723
Total financial liabilities (variable rate)	28,000	26,997	33,399	45,903	134,299
	551,546	121,021	60,244	640,211	1,373,022
On 31 December 2016					
Total financial liabilities (fixed rate)	142,085	4,998	507,725	288	655,096
Total financial liabilities (variable rate)	175,960	3,658	700,525	1,787	881,930
	318,045	8,656	1,208,250	2,075	1,537,026

Prosegur analyses its interest rate risk exposure dynamically. In 2017, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros, Brazilian Reals, Mexican Pesos, South African Rands, and Australian Dollars.

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

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

	Thousands of euros		
	Total debt	Hedged debt	Debt exposure
On 31 December 2017			
Europe	1,254,830	1,191,150	63,680
AOA	59,316	14	59,302
Ibero-America	104,211	48,957	55,254
	1,418,357	1,240,121	178,236

	Thousands of euros		
	Total debt	Hedged debt	Debt exposure
On 31 December 2016			
Europe	1,483,485	656,773	826,712
AOA	6,356	103	6,253
Ibero-America	92,139	17,147	74,992
	1,581,980	674,023	907,957

In regard to the debt covered on 31 December 2017, this corresponds primarily to the issuance of uncovered bonds totalling EUR 510,088 thousand in 2013 (EUR 509,195 thousand on 31 December 2016) and the issuance of uncovered bonds totalling EUR 594,117 thousand in 2017 (Note 23). In addition, there are leasing debts and loans with credit entities at a fixed-rate interest in Spain, Chile, Germany, Peru, Brazil, Colombia, South Africa, and Paraguay.

On 31 December 2017, if the interest rate for loans and borrowings had been 100 basis points higher, with the rest of the variables remaining constant, the net result for the period would have been EUR 1,028 thousand lower (in 2016: EUR 4,444 thousand lower), mainly as a result of a greater cost due to variable-rate interests on loans.

31.2. Capital risk management

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

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

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

The gearing ratio is calculated as follows:

Thousands of euros	2017	2016
Financial liabilities (Note 23)	1,418,357	1,581,980
Less: other non-bank payables (Note 23)	(45,335)	(44,949)
Less: Cash and cash equivalents (note 20)	(630,939)	(824,634)
Less: Other current financial assets (Note 20)	(490,298)	-
Net financial debt	251,785	712,397
Net equity	1,143,440	751,500
Total capital	1,395,225	1,463,897
Gearing ratio	18.05%	48.66%
Net financial debt/equity ratio	22.02%	94.80%

The ratio of net financial debt to capital has fallen primarily as a result of the offer of sale of stock in the subsidiary Prosegur Cash S.A. in March 2017 totalling EUR 824,992 thousand with associated expenses, net of tax, relating thereto totalling EUR 28,018 thousand, which has been offset by the distribution of an extraordinary cash dividend totalling EUR 279,996 thousand in the December 2017.

31.3. Financial instruments and fair value

Classification and fair value

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

31 December 2017	Carrying amount				Fair value				
	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Level 1	Level 2	Level 3	Total
Thousands of euros									
Financial assets not measured at fair value									
Deposits and guarantees	-	4,334	-	-	4,334				
Deposits	-	7,809	-	-	7,809				
Trade and other receivables	-	833,220	-	-	833,220				
Other current financial assets	-	490,298	-	-	490,298				
Cash and cash equivalents	-	630,939	-	-	630,939				
	-	1,966,600	-	-	1,966,600				
Financial liabilities recognised at fair value									
Contingent payments	-	-	(11,714)	-	(11,714)	-	-	(10,916)	(10,916)
	-	-	(11,714)	-	(11,714)				
Financial liabilities not measured at fair value									
Financial liabilities by bonds issue	-	-	-	(1,104,205)	(1,104,205)	(1,088,074)	-	-	(1,088,074)
Financial liabilities from financial institutions	-	-	-	(268,817)	(268,817)	-	(245,851)	-	(245,851)
Other financial liabilities	-	-	-	(33,621)	(33,621)	-	(33,621)	-	(33,621)
Trade and other payables	-	-	-	(622,953)	(622,953)				
	-	-	-	(2,029,596)	(2,029,596)				

31 December 2016

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

Measurement bases and inputs employed for financial instruments measured at fair value:

Below are the measurement values used in 2017 to determine Level 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input. The contingent payments described belong to the Contesta Group business combination, which represent nearly half of the total. Sensitivity analyses are as follows:

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

* Forecasted annual sales growth has been established at 8% beginning in 2018, forecasted EBITDA (2017-2020: from 15.4% to 20.0%), and at the risk-adjusted discount rate (13.5%).

Measurement bases for financial instruments not measured at fair value:

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

Transfer of assets and liabilities amongst the various levels

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

32. Other information

The average headcount of Prosegur is as follows:

	2017	2016
Operations personnel	159,275	157,693
Other	9,186	9,440
	168,461	167,133

The average headcount of operations personnel employed by equity-accounted investees in 2017 is 17,465 employees (in 2016: 17,047 people).

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

	2017	2016
Operations personnel	241	170
Indirect Staff	71	50
	312	220

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

	2017		2016	
	Male	Female	Male	Female
Operations personnel	137,245	23,659	135,343	23,269
Other	5,953	3,493	6,189	3,319
	143,198	27,152	141,532	26,588

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

	2017		2016	
	Male	Female	Male	Female
Board of Directors	6	2	6	2
Senior Management	10	1	11	1
	16	3	17	3

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

	Thousands of euros	
	2017	2016
KPMG Auditores, S.L., audit services	873	1,314
KPMG Auditores, S.L., Other assurance services	632	118
KPMG Auditores, S.L., other services	-	-
	1,505	1,432

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

The amounts included in the above table include the total fees for services provided in 2016 and 2017, irrespective of the date of invoice.

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

	Thousands of euros	
	2017	2016
Audit services	1,361	1,574
Other assurance services	300	178
Tax advisory services	387	433
Other services	284	1,138
	<u>2,332</u>	<u>3,323</u>

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

	Thousands of euros	
	2017	2016
Audit services	-	31
	<u>-</u>	<u>31</u>

33. Events after the reporting date

On 8 February 2018, uncovered bonds were issued for a nominal amount of EUR 700,000 thousand, maturing on 8 February 2023. The bonds are listed in the secondary market on the Irish Stock Exchange. They accrue a coupon of 1.00% per annum payable yearly on maturity.

In January 2018, Invesco Limited reduced its shareholding of Prosegur to below 1%.

34. Summary of the main accounting policies

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

34.1. Accounting standards

a) Standards effective from 1 January 2017

The annual accounts for 2017 have been prepared using the same accounting principles as for 2016, except for the following standards and amendments adopted by the European Union and of mandatory application from 1 January 2017:

- Amendments to IAS 12 - *Recognition of deferred tax assets for unrealised losses*: Clarifications on the recognition of deferred tax assets for unrealised losses. Effective for annual periods beginning on or after 1 January 2017.
- Annual improvements to the IFRSs of the 2014-2016 cycle - They modify the following standards:
 - IFRS 1 - First-time Adoption of International Financial Reporting Standards; Amendment to IFRS 1 takes effect beginning 1 January 2018
 - IFRS 12 - Disclosure of Interests in Other Entities; Amendment to IFRS 12 takes effect beginning 1 January 2017
 - IAS 28 - Investments in Associates and Joint Ventures. Amendment to IAS 28 takes effect beginning 1 January 2018;
- Modifications to IAS 7 – *Disclosure Initiative*: Disclosure to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Effective for annual periods beginning on or after 1 January 2017.

b) Standards and interpretations issued, approved by the EU, but not effective as of 1 January 2017 and which Prosegur expects to adopt as of 1 January 2018 or later (none have been early adopted):

Standards and interpretations issued, approved by the European Union, but which did not enter into effect on 1 January 2017 and which the Group expects to adopt as of 1 January 2018 or later (none were early adopted):

- IFRS 9 Financial instruments. Applies to financial years beginning on or after 1 January 2018. Establishes criteria for the recognition and valuation of financial instruments. The only impact on the consolidated financial statements which the Group has identified consists of a new model for calculating impairment in the value of financial assets, changing the calculation method to that of expected credit losses during the life of the asset; the estimated negative impact on equity totals EUR 8,913 thousand.
- IFRS 15 Ordinary revenue from contracts with customers. Applies to financial years beginning on or after 1 January 2018. Establishes the criteria for accounting recognition of revenue from contracts with customers. At present, the expenses directly related to the obtaining of contracts (primarily sales commissions, as well as other third-party expenses) are charged to the income statement as they are incurred. With application of IFRS 15, an asset will be recognised for those costs that are incremental for the obtaining of a contract, and will be charged against the income statement together with the income relating to said asset. The estimated positive impact on net equity totals EUR 19,363 thousand. As a result, the consolidated financial statements of the Group must include additional breakdowns for income accounts. In addition, the process of implementing IFRS 15 has necessitated modification to various computer-based tools.
- IFRS 16 Leases. Applies to financial years beginning on or after 1 January 2019. Establishes that companies which are lessee in lease agreements will recognize in the consolidated statement of financial position the liabilities and assets of those lease agreements (excepting short-term and low-value leases). Under current rules, the Group's leases are classified as operational leases, and the payments are recognised on a straight-line basis

over the lease term.

The standard allows two transition methods: one which is retroactive for each comparative period shown, and the other which is retroactive with the cumulative effect of initial application of the standard recognised on the first date of application. In this sense, the standard allows certain practical solutions for first application regarding the valuation of assets, discount rate, duration, initial costs, and short-term leases.

While the Group has not yet calculated the impact of adopting IFRS 16, it believes that the impact on its financial statements will be significant and will consist of recognising new assets and liabilities for its operating leases of properties and vehicles, and will change the nature of the expenses relating to such leases, as IFRS 16 replaces the straight-line expense of the operating lease with a charge for amortisation of 'right to use' assets and an expense for interest in lease liabilities.

- Amendment to IAS 40 – *Investment property*: Transfers of Investment Property. These modifications clarify the requirements for the transfer to or from investment property
- Interpretation of IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*. This covers the exchange rate to be used in transactions with advance consideration paid or received in foreign currency.
- Modifications to IFRS 2: Classification and Measurement of Share-based Payment Transactions. Clarification of the accounting of specific kinds of transactions with share-based payments.

Based on the analyses carried out to date, Prosegur Management estimates that applying most of these standards and amendments will not significantly affect the financial statements except for IFRS 15 and IFRS 16. However, Prosegur is currently analysing the impact of applying these standards and amendments, even though it does not expect significant impacts on any of the different revenue types in each of its business lines/segments.

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

- Amendments to IFRS 8 – Operating Segments: Clarifications for those responsible for preparing financial information, as well as for regulators and users.
- IFRIC 23 – Uncertainty over income tax treatments: The new requirements introduced clarify aspects regarding the accounting of tax interpretations.

On the date these consolidated annual accounts were authorised for issue, Prosegur Management is evaluating the impact of the application of these standards and amendments on the consolidated annual accounts.

34.2. Consolidation policies

Subsidiaries

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

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

The transactions and balances held with Group companies and the unrealised gains or losses have been eliminated from the consolidation process. However, unrealised losses have been considered as an indicator of impairment of transferred assets.

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

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

Business Combinations

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

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

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

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

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

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

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 29).

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

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

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

Non-controlling interests

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

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to Prosegur and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage

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

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

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

Associates

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

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

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

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

Impairment

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

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

The recoverable amount of the investment of an associate is valued according to each associate entity, unless it is not a cash generating unit (CGU) (Note 34.9).

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

Joint arrangements

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

Joint ventures

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

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

Joint operations

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

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

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

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

34.3. Consolidated functional income statement

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

34.4. Segments reporting

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

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

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

34.5. Foreign currency transactions**Functional and presentation currency**

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

Balances and transactions

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

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

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

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

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

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

Translation of foreign operations

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

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

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

34.6. Property, plant and equipment

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

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

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

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

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

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

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 34.9).

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

34.7. Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill impairment is tested annually (Note 34.9) and recognised at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

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

The goodwill encompasses the part corresponding to the Group's non-controlling interests.

Client's portfolios

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

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

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

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

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

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

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

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

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

Trademarks and licences

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

Computer software

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

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

34.8. Investment property

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

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

34.9. Impairment losses

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

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

Impairment losses on goodwill

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

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

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

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

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

Impairment losses on goodwill are not reversible.

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

34.10. Financial assets

Internal

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (Note 34.12).

Available-for-sale financial assets

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

Recognition, measurement and derecognition of financial assets

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

rights to the cash flows from the investment have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

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

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

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

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

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss. The Company derecognises financial assets when they expire or the rights to cash flows for the corresponding financial asset have been transferred and the risk and rewards inherent to ownership have also been substantially transferred, such as transfer of commercial credit in factoring operations where the company does not retain any credit risk or interest.

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

34.11. Inventory

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

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

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

34.12. Trade receivables

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

34.13. Cash and cash equivalents

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

34.14. Share capital

Ordinary shares are classed as equity.

34.15. Own shares

The Group's acquisition of equity instruments in the Parent Company is presented at the acquisition cost separately as a reduction in net equity in the consolidated statement of financial position, irrespective of the reason for the acquisition. In transactions conducted with own equity instruments, no profit or loss is recorded.

Subsequent amortisation of the equity instruments in the Parent Company results in a capital reduction at the nominal amount of that stock, and the positive or negative difference between the acquisition price and the nominal value of the stock is debited or credited to reserve accounts.

The transaction costs relating to own equity instruments are recorded as a reduction in net equity, after accounting for any tax effects.

34.16. Provisions

Provisions for restructuring and litigation are recognised when:

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

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

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

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 22).

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

34.17. Financial liabilities

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

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

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

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

34.18. Current and deferred tax

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

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

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

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

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

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

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

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

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

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

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

34.19. Employee benefits

Remuneration based on Prosegur share price – 2014 Plan

At the General Meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for the Managing Director and Senior Management of Prosegur. The 2014 Plan is essentially linked to value creation during the 2012-2014 period and originally set out the payment of Company share-based and/or cash incentives to the Managing Director and Senior Management of the Company. The maximum number of shares earmarked for the 2014 Plan amounted to 4,120,000, representing 0,668% of Prosegur's present share capital. In financial year 2016, incentives payments relating to such Plan were paid, using the price of Prosegur's shares at the time of the payment as a reference, thereby replacing the original share settlement scheme planned.

The 2014 Plan is intended as a multi-year bonus payable 50% in cash and 50% based on the quoted price of the parent company's shares.

The 2014 Plan lasts three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2012 until 31 December 2014 and length of service from 1 January 2012 until 31 December 2016. Entitlement to incentives under the 2014 Plan was assessed on the following dates:

Final measurement date: 31 December 2014

Length-of-service bonus date: 2017

During 2017, EUR 1,526 thousand have been paid up (2016: EUR 988 thousand) corresponding to the settlement of the first part of the 2014 Plan (Note 22). The amount finally paid was made in connection with the price of the share at the time of payment.

Remuneration based on Prosegur share price – 2017 Plan

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 envisions the payment of incentives pegged to the quoted share price and/or cash incentives for the Company's CEO and Senior Management.

When determining the cash value of each share to which the beneficiary is entitled, the Company uses as a benchmark the average quoted price for Prosegur shares on the Madrid Stock Exchange for the past fifteen trading sessions in the month before the one in which the shares are to be delivered.

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

The 2017 Plan lasts three years and is subject to the employee remaining at the Company and also on the attainment of certain targets. It also includes an additional length-of-service bonus verified over the following two years. The plan measures performance from 1 January 2015 through to 31 December 2017, while length-of-service at the Company is measured from 1 January 2015 through to 31 December 2019. Entitlement to incentives under the plan is assessed on the following dates:

- Final measurement date: 31 December 2017.

- Length-of-service bonus date: 2020.

The 2017 Plan is intended as a multi-year bonus payable 50% in cash and 50% based on the quoted price of the parent company's shares.

In relation to the 2014 and 2017 long-term incentive plan for the CEO and Senior Management of Prosegur (Note 5.1), the expense accrued in 2017, amounting to EUR 6,695 thousand, has been included in Salaries and wages (2016: EUR 4,260 thousand) (Note 22).

The fair value of incentives pegged to the share's listed price was estimated on the basis of the listed price of Prosegur shares (EUR 6.55 per share) at the end of the period or at the time of payment.

The fair value of incentives pegged to the quoted share price of Cash has been estimated on the basis of the quoted price of Prosegur Cash shares (2.676 euros per share) at the end of the period or at time of payment.

Termination benefits

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

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

In the case of benefits for voluntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are

identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

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

Short-term employee remuneration

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

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

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

Profit-sharing plans and bonuses

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

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

Remuneration of executives

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

Defined benefit plans

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

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

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

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

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

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

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

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

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

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

34.20. Revenue recognition

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

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

- a) Sales of goods corresponding to security installations are recorded considering the degree of execution of the project unit executed on the date of the balance sheet valued at sale price, provided that the financial result of the transaction can be reliably estimated.
- b) Sales of goods corresponding to home alarm systems are recognised when a Prosegur entity has delivered the products to the customer and the customer has accepted the products; they are valued at fair value of the corresponding receivable.
- c) Sales of active manned guarding, cash in transit and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
- d) Revenues from the home alarm system activity are recognised in the reporting period in which the services are rendered, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount. In some alarm monitoring contracts, the customer does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered.
- e) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.
- f) Dividends received are recognised when the right to receive payment is established.

34.21. Leases

When a Prosegur entity is the lessee

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

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

When a Prosegur entity is the lessor

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

34.22. Borrowing costs

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

34.23. Construction contracts

Contract costs are recognised when incurred.

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

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

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

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

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

34.24. Non-current assets held for sale

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

34.25. Distribution of dividends

Dividends distributed to the Company's shareholders are recognised as a liability in the Prosegur Group's consolidated annual accounts in the year in which the dividends are approved by the shareholders. Interim dividends will also trigger a liability in the Prosegur Group's consolidated annual accounts in the financial year in which the interim payment is approved by the Board of Directors.

34.26. Environment

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

34.27. Consolidated cash flow statement

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

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

APPENDIX I. – Consolidated Subsidiaries included in the consolidated group**Information on 31 December 2017**

Company	Registered offices	Participation	Company holding the investment	Basis of combinations	Activity	Auditor
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos , 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Compañía Ridur 2016, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	7	B
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos Internacional S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur Internacional SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur Internacional Alarmas S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
MV Gestión, S.A.	CL CTRE CARGA AEREA OF A002 - 088820 Prat Llobregat - Barcelona	100	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Compañía de Seguridad SA	a	1	B
Indiseg Evulim Group	calle Rambla Catalunya 43.1º 1ª, 08007	100	Prosegur Ciberseguridad SL (Ex-Prosegur Cibersegu	a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (MADRID)	51 21,5	Prosegur Cia de Seguridad, S.A Prosegur Assets Management, S.L.	a	5	A
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	B
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	95 5	Prosegur Internationale Handels GmbH Prosegur Global CIT SLU	a	5	A
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68.79 31.21	Armor Acquisition SA Prosegur Intenational Handels GmbH	a	5	A
Prosegur Internacional CIT 1, S.L.	Pajaritos 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Internacional CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Contesta Teleservicios SA		100	Prosegur AVOS España SL (Ex-Prosegur BPO España SLU)	a	2	
Integrum 2008 SL		100	Contesta Teleservicios SA	a	2	
Bloggers Broker SL		100	Contesta Teleservicios SA	a	2	
Contesta Servicios Auxiliares SL		100	Contesta Teleservicios SA	a	2	
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Berlin SL & Co KG	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	5	A
Prosegur Services France S.A.S.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	95 5	Prosegur Gestión de Activos SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruriers - 57070 Metz	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin Zi de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lavoisier BP 61609 25010 Besancon Cedex 3	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a	2	A
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnetfonds	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5, Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Securite Rapprochee (Ex-Prosegur Centre EURL)	5 Place Berthe Morisot Bat. A2 - Parc Technologique 69800 Saint-Priest (Anterior: 88 avenue général Frère (LYON))	100	Prosegur Security Holding France SAS (Ex-Prosegur France SAS)	a	1	B
Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS)	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitement de Valeurs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Participations SAS (Ex-Sazias SA))	a	2	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a	2	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Cash Holding France SAS (Ex-Prosegur Par	a	2	B

Information on 31 December 2017

Company	Registered offices		Participation Company holding the investment	Basis of combinations	Activity	Auditor
Malcoff Holdings B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global SIS ROW SLU	a	5	B
Pitco Reinsurance SA	Av. Monterey, L-2163 Luxembourg	100	Luxpai CIT SARL	a	2	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Gestió de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Distribuição e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoção e Comercialização de Produtos e Serviços Unipessoal LDA.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosegur Companhia de Seguridad SA	a	1	B
Prosegur Logística e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur SES Serviços Especiais de Segurança Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur USAP Internacional, S.L.U.	a	7	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.99 5.00 0.01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a	2	A
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56.21 43.79	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS SLU	a	5	A
Prosegur Inversiones Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56.56 43.44	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS SLU	a	5	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global CIT, S.L.U Prosegur Internacional CIT 1 SL	a	5	B
Prosegur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	B
Prosegur Seguridad y Vigilancia, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	B
Prosegur Gestion de Activos ARG SA	Tres Arroyos 2835 Ciudad de Buenos Aires	80 20	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos Internacional, S.L.U.	a	3	B
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad de Buenos Aires	10.00 90	Prosegur Internacional SIS, S.L.U Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnologia Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS, S.L.U.	a	1	A
General Industries Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS, S.L.U.	a	1	A
Tellex, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS, S.L.U.	a	1	A
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	85 5.59 9.41	Prosegur Global Alarmas SLU Prosegur Internacional Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	85 5.60 9.40	Prosegur Global Alarmas SLU Prosegur Internacional Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Holding, S.A. Prosegur Inversiones, SA	a	3	A
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Holding SIS Ltda	Av. Ermano Marchetti, nº 1.435, 5º andar, Sala 2, Lapa, Capital de Sao Paulo	90 10	Prosegur Global SIS SLU	a	5	
Segurpro Vigilancia Patrimonial SA (Ex-Yasuhiko Empreendimentos e Participacoes SA)	Rua Fernando de Alburquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP - CEP 01309-030	100	Prosegur Holding SIS Ltda	a	1	
BIP Serviços de Vigilancia Patrimonial Ltda	Cidade de Olinda, Estado de Pernambuco, na Rua Alemanha, 101, Salgadinho, Sala 1	99 1	Prosegur Serviços e Participações Societárias SA (Ex-Prosegur Brasil SA Transportadora de Valores e Segu	a	1	
Prosegur Serviços e Participações Societárias SA (Ex-TSR Participacoes Societárias SA)	Av.Thomas Edison, 813 - 1º andar- Barra Funda - CEP 01140-001 São Paulo - SP	47.08 52.92	Juncadella Prosegur Internacional SA Prosegur Global CIT SLU	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	99.99	Prosegur Serviços e Participações Societárias SA (Ex-	a	4	A
Prosegur Sistemas de Segurança Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72.38 27.62	Prosegur Global SIS SLU Prosegur Internacional SIS SLU	a	1	B
Prosegur Administração de Recebíveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99.79 0.21	Prosegur Global SIS SLU Prosegur Sistemas de Segurança Ltda	a	1	B

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Company	Registered offices	Participation	Company holding the investment	Basis of combinations	Activity	Auditor
Prosegur Tecnologia em Sistemas de Seg Elet e Incendios Ltda	Rua Barao do Branal, 1301, Vila Pompeia Sao Paulo CEP 024-000	95.00	Prosegur Global SIS SLU	a	1	B
		5.00	Prosegur International SIS SLU			
SETHA Indústria Eletronica Ltda	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro/RJ	95	Prosegur Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda..	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuários Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	83.8	Prosegur Global CIT SLU	a	2	B
		10.00	Prosegur International CIT 1 SL			
		2.50	Prosegur Internationales Handels GmbH			
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	3.7	Juncadella Prosegur Group Andina SA	a	2	B
		99.98	Prosegur Global CIT SLU			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	0.01	Prosegur International Handels GmbH	a	2	B
		0.01	Juncadella Prosegur Group Andina SA			
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Prosegur Global SIS SLU			
Prosegur Tecnologia Chile Ltda	Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	99.99	Prosegur Global SIS SLU	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	0.00	Prosegur Chile SA	a	3	B
		90	Prosegur Global Alarmas SLU			
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	10	Prosegur International Alarmas SLU	a	7	B
		90	Prosegur Gestion de Activos, S.L.U.			
Prosegur Ciberseguridad, S.A.S.	TV 23 - 95-53 Bogota D.C.	10	Prosegur Gestion de Activos Internacional SLU	a	1	B
		70	Prosegur, S.A.			
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	30	Prosegur Global SIS SLU	a	1	B
		100	Prosegur Compañía de Seguridad SA			
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	94.90	Prosegur Global CIT SLU	a	2	A
		5.10	Prosegur International CIT 1, SLU			
		0.00	Prosegur Cash, S.A.			
		0.00	Prosegur Servicios de Efectivo España SLU			
		0.00	Prosegur Global CIT ROW SLU			
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnologia S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	95	Prosegur Gestion de Activos, SLU	a	7	B
		5	Prosegur Gestion de Activos Internacional SLU			
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
		1	Transportadora de Caudales Juncadella SA			
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95	Proseguridad SA	a	1	B
		5	Prosegur International SIS SLU			
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64.89	Prosegur Global SIS SLU	a	1	B
		35.11	Prosegur International SIS SLU			
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			

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Company	Registered offices	Participation	Company holding the investment	Basis of combinations	Activity	Auditor
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp, S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	84.86 10.14 5.00	Proseguridad SA Inversiones RB, SA Prosegur Intenacional SIS SLU	a	1	B
Proseguridad Selva SA	Cas. Palmawasi San Martín - Tocache - Uchiza	90 10	Reguard Security Corp, S.A. Prosegur Intenacional SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95 5	Proseguridad SA Prosegur Intenacional SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	40.00 59.93 0.07	Prosegur Global Alarmas SLU Prosegur Intenacional Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	3	B
Prosegur Servicios Administrativos, S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	90.00 10.00 0.00	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos Intenacional SLU Prosegur Global Alarmas SLU	a	7	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85.60 14.40	Prosegur Global SIS SLU Prosegur Intenacional SIS SLU	a	5	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Global CIT SLU Prosegur Intenacional CIT 1, SL	a	2	B
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.997 0.003	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Consultoría y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998 0.0002	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos Intenacional SLU	a	7	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297	99.9998 0.0002	Prosegur Global CIT SLU Prosegur Intenacional CIT 1 SL	a	2	B
Prosegur Custodias, S.A. de C.V.	Estado de Mexico, Tlalnepanitla de Baz, Los Reyes Industrial, calle Alfredo	99.9998 0.0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnología SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297	99.999951 0.000050	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B	80	Prosegur Global CIT SLU	a	5	B
Centro Nacional de Formación Prosegur Asociación Civil	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76	50 50	Prosegur Compañía de Seguridad SA de CV Prosegur Mexico S de RL de CV	a	7	B
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Marlina SA	Guarani 1531 - Montevideo	100	Prosegur Gestion de Activos, SLU	a	7	B
Loredat SA	Guarani 1531 (Montevideo) - Uruguay	100	Prosegur Cia de Seguridad, S.A.	a	1	
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo	99.91 0.09	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	2	B
Prosegur Activa Uruguay, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michellini, Zelmar 1121- Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531 - Montevideo	99 1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	2	B
Genper, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global SIS SLU	a	1	A
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michellini, Zelmar 1121- Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	3	B
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531 - Montevideo	90 10	Prosegur Uruguay BV SA Prosegur Global SIS SLU	a	1	A
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	1	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo SARL	a	5	B

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Company	Registered offices		Participation Company holding the investment	Basis of combinations	Activity	Auditor
Shanghai Meiyu Information Technology Co Ltd.	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	5	B
Shanghai Pitco Information Technology Co Ltd.	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	5	B
Shanghai Pitco Consulting Management Co Ltd.	Room 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Prosec Cash Services Pte Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	2	B
Prosegur Singapore Pte LTD (Ex-Evtec Management Services Pte LTD)	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Alarms Private Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Prosegur Global Alarms ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur SIS USA Inc	Florida	100	Prosegur global SIS ROW, SLU	a	1	B
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW , SLU	a	5	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	5	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	2	A
Prosegur Services Pty Ltd (Ex-Prosegur Technology Pty Limited)	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	2	B
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Gestion de Activos , SLU	a	7	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St Leonards NSW 2065	100	Prosegur Australia Holdings PTY Limited	a	2	
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	75	Prosegur Global Alarms ROW SLU	a	5	B
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110001 - India Delhi, INDIA	0.01	Pitco Asia Pacific Ltd	a	1	B
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95	Prosegur Global CIT ROW SLU	a	2	B
Dognaedis Limited	Gallows Hill Warwick CV34 6UW, United Kingdom	5	Luxpai CIT SARL		1	
Prosegur Alarm Hizmetleri Anonim Sirk	Maslak, Ahi Evran Caddesi No: 21 Kat: 13 Polaris Plaza - Istanbul (antes Gayrettepe Mahallesi Yildiz Posta CAD. No: 8/34, Besiktas / Istanbul)	100	Prosegur Global Alarms ROW SLU	a	3	

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Company	Registered offices	Participation	Company holding the investment	Basis of combination	Activity	Auditor
Prosegur Soluciones Integrales de Seguridad España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Compañía Ridur, S.A.	Pajaritos, 24 (MADRID)	100	Juncadella Prosegur International, S.A.	a	8	B
Formación Selección y Consultoría S.A.	Santa Sabina 8 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Gestión de Activos International S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS SLU	a	5	B
Prosegur USAP International S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Gestión de Activos, S.L.U.	a	5	B
Prosegur International Alarmas S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Global Alarmas SLU	a	5	B
Prosegur Soluciones S.A.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Centro Informático de Servicios de Vigo S.A.	Ru Tomas a Alonso,5 Vigo - España	100	Prosegur BPO España SLU	a	7	B
MIV Gestión, S.A.		100	Prosegur Servicios de Efectivo España	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	1	B
Indiseg Ewliom Group				a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (MADRID)	51	Prosegur Cia de Seguridad, S.A.	a	1	A
		49	Prosegur Assets Management, S.L.			
Prosegur Berlin S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	5	B
Prosegur BPO España S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT ROW SLU	a	7	B
Armor Acquisition S.A.	Pajaritos, 24 (MADRID)	5	Prosegur Global CIT SLU	a	5	A
		95	Prosegur Intenational Handels GmbH			
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (MADRID)	68.79	Armor Acquisition SA	a	5	A
		31.21	Prosegur Intenational Handels GmbH			
Prosegur International CIT 1, S.L.	Pajaritos 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cash, S.A.	a	5	B
ç	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur International Handels GmbH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH (ex Prosegur GmbH)	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Investments Verwaltungs GmbH	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos, S.L.U.	a	8	B
Prosegur Investments GmbH & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Gestión de Activos SLU	a	8	B
		0	Prosegur Investments Verwaltungs Gm			
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5, 40882 Ratingen	100	Prosegur Global CIT ROW SLU	a	8	B
		0	Prosegur Berlin SLU			
Prosegur France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Services France S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Securite Humaine S.A.S.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	1	A
Prosegur Gestion d'Actifs France S.C.I.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	95	Prosegur Gestión de Activos SLU	a	7	B
		5	Prosegur Gestion de Activos Internatior			
GRP Holding S.A.R.L.	177 Rue de Luxembourg, L - 8055 Bertrange	100	Luxpai Holdo SARL	a	5	B
Prosegur Security Luxembourg S.A.R.L.	177 Rue de Luxembourg, L - 8077 Bertrange	100	GRP Holding SARL	a	1	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruriers - 57070 Metz	100	Prosegur France SAS	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina -La Talaudiere	100	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Technologie S.A.S.U.	Parc Technologique de Metrotech, Bâtiment 2 - 42650 St Jean Bonnefons	100	Prosegur France SAS	a	1	A
Prosegur Formation et Competences, S.A.R.L.	Parc Technologique, 5. Place Berthe Morisot, 69800 Saint Priest	100	Prosegur France SAS	a	7	B
Prosegur Centre EURL	88 Ave Du Général Frère - 69008 Lyon	100	Prosegur France SAS	a	1	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitemet de Valeurs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos	100	Prosegur Participations, S.A.S.	a	2	B

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Malcoff Holdings B.V.	Schouburgplein, 30-34 (ROTTERDAM)	100	Prosegur Global CIT, S.L.U	a	5	B
Luxpai Holdo S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Av. Monterey, L-2163 Luxembourg	100	Luxpai CIT SARL	a	7	A
Luxpai CIT S.A.R.L.	23, Av. Monterey - 2163 Luxembourg	100	Prosegur Global CIT ROW SLU	a	8	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	4	A
Prosegur Distribucao e Servicos, Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promocao e Comercializacao de Produtos e Servicos Unipessoal LDA.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Logística e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global CIT, S.L.U	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur SES Servicos Especiais de Seguranca Unipessoal Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Global SIS ROW SLU	a	7	B
Prosegur ESSPP Empresa de Servicos Partilhados Unipessoal Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur USAP International, S.L.U.	a	7	B
Rosegur Cash Services, S.A.	Bulev. Ghica Tel. Nr. 64-70. Sector 2.Cod 023708 Bucuresti. Romania	51 49	Prosegur Cia de Seguridad, S.A. Rosegur, S.A.	a	2	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.99 5.00 0.01	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a	2	A
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56.21 43.79	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS SLU	a	5	A
Prosegur Inversiones Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	56.56 43.44	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS SLU	a	5	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global CIT, S.L.U Prosegur Internacional CIT 1, S.L.	a	5	B
Prosegur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	B
Prosegur Seguridad y Vigilancia, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	B
Prosegur Gestion de Activos, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos Internation	a	7	B
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 Ciudad de Buenos Aires	7.86 92.14	Prosegur Internacional SIS, S.L.U Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS, S.L.U	a	1	A
General Industries Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS, S.L.U	a	1	A
Tellex, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Global SIS, S.L.U. Prosegur Internacional SIS, S.L.U	a	1	A
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Global Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90 10	Prosegur Holding, S.A. Prosegur Inversiones, SA	a	3	A
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
TC Interplata, S.A.	Perú, 1578, Ciudad de Buenos Aires	95 4 1	Transportadora de Caudales de Juncadella Prosegur Internacional S.A. Prosegur Holding CIT ARG, S.A.	a	2	A
Servin Seguridad, S.A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95 5	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Yasuhiko Empreendimentos e Participacoes, S.A.		100				
TSR Participacoes Societarias S.A.	Av.Thomas Edison, 813 - 1º andar- Barra Funda - CEP 01140-001 São Paulo - SP	47.08 52.92	Juncadella Prosegur Internacional S.A. Prosegur Global CIT SLU	a	5	B
Prosegur Brasil SA Transportadora de Valores e Seguranca	Guaratã, 633 - Prado - Belo Horizonte - MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Seguranca Ltda.	Guaratã, 667 - Prado - Belo Horizonte - MG	72.4 27.6	Prosegur Global SIS SLU Prosegur Internacional SIS SLU	a	1	B
Prosegur Administracao de Recebiveis Ltda.	Avenida Thomas Edison, 813 - Barra Funda - CEP 01140-001 São Paulo - SP	99.79 0.21	Prosegur Global SIS SLU Prosegur Sistemas de Seguranca Ltda	a	7	B

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Prosegur Tecnologia en Sistemas de Seguranca Electrónica e Incendios Ltda.	Rua Barao do Brnmal, 1301, Vila Pompeia Sao Paolo CEP 024-000	95.00	Prosegur Global SIS SLU	a	1	B
		5.00	Prosegur International SIS SLU			
Setha Indústria Eletrônica Ltda.	Rua Alvaro de Macedo, 134 e 144, Parada de Lucas, CEP.: 21.250-620 Rio de Janeiro/RJ	95	Prosegur Tecnologia em Sistemas de Seguranca Electrónica e Incendios	a	1	B
		5	Prosegur Global SIS SLU			
Prosegur Activa Alarmes S.A.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	41.99	Prosegur Global Alarmas SLU	a	3	B
		58.01	Prosegur International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	95	Prosegur Global SIS SLU	a	7	B
		5	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	99.99	Prosegur Gestion de Activos SLU	a	7	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional SA	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	78.07	Prosegur Global CIT SLU	a	2	B
		5.00	Prosegur International CIT 1, SLU			
		6.84	Prosegur International Handels GmbH			
Servicios Prosegur Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98	Prosegur Global CIT SLU	a	2	B
		0.01	Prosegur International Handels GmbH			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99	Prosegur Chile, S.A.	a	1	B
		1	Prosegur Global SIS SLU			
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	60	Juncadella Prosegur Group Andina SA	a	2	B
		40	Prosegur International Handels GmbH			
Prosegur Tecnología Chile Limitada	Avenida Loboza 8395, Mod. 3 Pudahuel – Santiago	99.99	Prosegur Global SIS SLU	a	1	B
		0.01	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago de Chile	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	95	Prosegur Gestion de Activos, S.L.U.	a	7	B
		5	Prosegur Gestion de Activos Internationior			
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70	Prosegur, S.A.	a	1	B
		30	Prosegur Global SIS SLU			
Prosegur Ciberseguridad, S.A.S.	TV 23 - 95-53 Bogota D.C.	100	Inversiones BIV SAS	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51, Ciudad de Bogotá	99	Prosegur International CIT 2 SLU	a	2	B
		94.90	Prosegur Global CIT SLU			
Compañía Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 Bogotá	5.10	Prosegur International CIT 1, SLU	a	2	A
		0.00	Prosegur Cash, S.A.			
		0.00	Prosegur Servicios de Efectivo España			
		0.00	Prosegur Global CIT ROW SLU			
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 Bogotá	100	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 No. 8A-65 Edificio BCH Piso 8 Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	7	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 Bogotá	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	95	Prosegur Gestion de Activos, SLU	a	7	B
		5	Prosegur Gestion de Activos International SLU			
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99	Juncadella Prosegur Internacional SA	a	2	B
Soluciones Integrales en Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global SIS SLU	a	1	B
		5	Prosegur International SIS SLU			
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960	95	Prosegur Global Alarmas SLU	a	3	B
		5	Prosegur International Alarmas SLU			
Proservicios S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	95	Proseguridad SA	a	1	B
		5	Prosegur International SIS SLU			
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco	52	Juncadella Prosegur Internacional SA	a	2	A
		48	Transportadora de Caudales de Juncadella SA			
Proseguridad S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	64.89	Prosegur Global SIS SLU	a	1	B
		35.11	Prosegur International SIS SLU			
Prosegur Cajeros S.A.	La Chira, 103 - Surco - Lima	52	Juncadella Prosegur Internacional SA	a	2	B
		48	Transportadora de Caudales de Juncadella SA			

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Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp, S.A. (Ex Proseguridad Perú S.A.)	Av. Los Proceres 250 Lima - Santiago de Surco	84.86 10.14 5.00	Proseguridad SA Inversiones RB, SA Prosegur Intenational SIS SLU	a	1	B
Proseguridad Selva SA (Ex)Orus Selva S.A.	Cas. Palmawasi San Martin - Tocache - Uchiza	90 10	Reguard Security Corp, S.A. Prosegur International SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima	95 5	Proseguridad SA Prosegur International SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 Lima - Surquillo	22.57 77.20 0.23	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	3	B
Prosegur Servicios Administrativos. S.A.	Av. Los Proceres 250 Lima - Santiago de Surco	99 1	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	99 1	Prosegur Gestion de Activos, SLU Prosegur Global Alarmas SLU	a	7	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85.60 14.40	Prosegur Global SIS SLU Prosegur International SIS SLU	a	5	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100 0	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	2	B
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.997 0.003	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	99.9998 0.0002	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297	99.9998 0.0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	2	B
Prosegur Custodias, S.A. de C.V.	Estado de Mexico, Tlalnepantla de Baz, Los Reyes Industrial, calle Alfredo Nobel-21	99.9998 0.0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76	99.998	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnologia SA de C.V.	Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297	99.9998 0.0002	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B	80	Prosegur Global CIT SLU	a	7	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76	50 50	Prosegur Compañía de Seguridad SA de CV Prosegur Mexico S de RL de CV	a	7	B
Prosegur Uruguay B.V.	Westblaak 89, 3012 KG Rotterdam, The Netherlands	100	Prosegur SA	a	5	C
Martina, S.A.	Guarani 1531 - Montevideo	100	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Transportadora de Caudales S.A.	Guarani 1531 - Montevideo	99.91 0.09	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	2	B
Prosegur Activa Uruguay, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global Alarmas SLU	a	3	A
Nautiland, S.A.	Michelini, Zelmar 1121- Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, S.R.L.	Guarani 1531 - Montevideo	99 1	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	3	B
Genper, S.A.	Guarani 1531 - Montevideo	100	Prosegur Global SIS SLU	a	1	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Guarani 1531 - Montevideo	90 10	Prosegur Uruguay BV SA Prosegur Global SIS SLU	a	1	A
GSM Telecom S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody S.A.	Guarani 1531 - Montevideo	100	Prosegur Activa Uruguay, S.A.	a	3	A
Tecnofren S.A.	Michelini, Zelmar 1121- Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	A
Roytronic S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	4	B
Pitco Shanghai Trading Co Ltd.	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	7	B
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	7	B
Imperial Dragon Security Ltd.	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	B

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Company	Registered offices	Participation	Company holding the investment	Basis of combination	Activity	Auditor
Shanghai Meiyu Information Technology Co Ltd.	Room 519,Zhidan Road No.180-190, Putuo District, Shanghai	100	Shanghai Pitco Information Technology Co	a	1	B
Shanghai Pitco Information Technology Co Ltd.	Room 517,Zhidan Road No.180-190 (double), Putuo District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	1	B
Shanghai Bigu Investment Co Ltd.	Room 1373, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Pitco Consulting Management Co Ltd	a	1	B
Shanghai Pitco Consulting Management Co Ltd.	Room 1601, Building 4, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Pitco Shanghai Trading Co Ltd	a	5	B
Shangxi Laide Security Service Co Ltd.	Building 18, Hengshan housing estate, Hengshan Road No. 918, Jiancaoping District, Taiyuan	70	Shanghai Bigu Investment Co Ltd	a	1	B
Shanghai Prosegur Security Service Co Ltd.	Room 446, Building 3, Huancheng West Road lane 3111 No. 555, Fengxian District, Shanghai	100	Shanghai Bigu Investment Co Ltd	a	1	B
Nanjing Zhong Dun Security Services Co Ltd.	Room 212, No 359, Building A, Ning Liu Road, Gong Nong Community, Ge Tang Subdistrict, Liu He District, Nanjing City	80	Shanghai Meiyu Information Technology Co Ltd	a	1	B
Prosec Services Pte Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Luxpai Holdo S.A.R.L.	a	1	A
Singpai Pte Ltd.	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai CIT S.A.R.L.	a	5	A
Evtec Management Services Pted Ltd.	3 NEW INDUSTRIAL ROAD. #04-01 KIMLY BUILDING SINGAPORE (536197)	100	Luxpai Holdo S.A.R.L.	a	1	A
Prosec Cash Services Pte Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	8	B
Singpai Alarms Private Ltd.	111Geylang Road, #01-01, Singapore 389216	100	Prosegur Global Alarmas ROW SLU	a	5	B
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, New York, NY 10003	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur SIS USA Inc	Florida	100	Prosegur global SIS ROW, SLU	a	8	B
Prosegur Australia Holdings PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Global CIT ROW, SLU	a	5	B
Prosegur Australia Investments PTY Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	5	B
Prosegur Australia Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Investments PTY Limited	a	2	A
Prosegur Technology Pty Limited	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Australia Holdings PTY Limited	a	8	B
Prosegur Assets Management Pty Ltd.	Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113	100	Prosegur Gestion de Activos, SLU	a	7	B
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 - Johannesburg - South Africa	57	Prosegur Global Alarmas ROW SLU	a	3	B
Beagle Technical (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Beagle Control (Pty) Ltd.	Unison House, 190 Smit Street, Fairland - Gauteng 2195	100	Beagle Watch Armed Response Proprietary Limited	a	3	B
Prime Hiring India Private Ltd (Ex-SingPai India Private Limited)	Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road,	99.99 0.01	Luxpai Holdo SARL Pitco Asia Pacific Ltd	a	7	B
Prosegur Securite (Ex Bac Securite)	18 Av. Morane Saulnier (Velizy Villacoublay)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59.98 40.02	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B
Esta Service S.A.S.	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4.8 95.2	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	4.8 95.2	Prosegur Cia de Seguridad, S.A. Esta Service SAS	a	8	B

Instance when it is consolidated

- a. If the investee company is controlled, consolidated by the global integration method.
- b. Existence of significant influence, consolidation by the equity method.
- c. Joint ventures are consolidated by the proportional method.

Activity

1. Activities of the Security business group.
2. Activities of the Cash business group.
3. Activities of the Alarms business group.
4. Activities included in more than one business group.
5. Holding company.
6. Financial services.
7. Auxiliary services.
8. Dormant.

Auditor:

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

APPENDIX II. – Details of Joint Arrangements**Information on 31 December 2017 - Joint Ventures**

Company	Registered offices	% ownership	Participation		Basis of consolidation	Activity	Auditor
			Company holding the investment				
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.		b	5	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur Holding Corporacion, S.L.		b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur, S.A		b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	A través de: Rosegur, S.A		b	4	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Singpai Pte Ltd		b	2	B
SIS Prosegur Holdings Private Limited		100.0	SIS Cash Services Private Ltd		b	2	
SIS Prosegur Alams Monitoring and Response Services Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	50.0	Singpai Alarms Private Ltd		b	3	B
SIS Prosegur Cash Logistics Private Limited	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001,Bihar, India	100.0	SIS Cash Services Private Ltd		a	2	
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.		b	5	C
SBV Services Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo	33.3	Prosegur Global CIT ROW SLU		b	5	B
SBV Services Namibia Proprietary Limited		100.0	A través de: SBV Services Proprietary Limited		b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited		b	1	A
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited		b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton - Johannesburgo - South Africa	100.0	A través de: SBV Services Proprietary Limited		b	1	A

Information on 31 December 2017 - Joint Operations. Joint Ventures.

Company	Registered offices	Participation		Notes	Activity
		% ownership	Entity partner in the joint venture		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MÚSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNT. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEÍSTICOS MALAGA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC AEROPUERTO DE SANTIAGO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE PSEE CETURSA SIERRA NEVADA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC MERCABARNA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR- ESC AENA EXP SEG 443/16 LOTE 3	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR-ESC AENA EXP SEG 528/16	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA-1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE CIEMAT	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC METRO LINEA 3-1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR - ESC BANCO DE ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-MAGMACULTURA MUSEO NACIONAL DEL PRADO	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSIS-ESC GOBIERNO VASCO II	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON V	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR ESC GETXO KIROLAK 1	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-ESC AEROPUERTO DE LLEIDA- ALGUAIRE	Pajaritos, 24 28007 Madrid	100		d	2
UTE PSISE-PSEE MUSEOS VALENCIA	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR-ESC OFICINA ANTIFRAU DE CATALUNYA IV	Pajaritos 24, 28007 Madrid	100		d	3
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA 41927	10	CLECE	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56	SEGUR IBERICA Y OTROS	d	1

Information on 31 December 2017 - Joint Operations. Joint Ventures.

Company	Registered offices	Participation		Notes	Activity
		% ownership	Entity partner in the joint venture		
UTE SERV. MNTOS. INTEGRALES IRON MOUNTAIN	Principe de Vergara, 135 28002 MADRID	42.2	FERROVIAL SERVICIOS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales)	Principe de Vergara, 135 28002 MADRID	20	FERROSER	d	1
SEGURIDAD TOTAL	CALLE 19 B 34-69 - BOGOTA	53	SEGURIDAD SOS	d	1
SIGLO XXI	OFICINA TEUSAQUILLO PROSEGUR VIGILANCIA	55	SEGURIDAD SOS	d	1
SEGURIDAD INTEGRAL	CALLE 19 B 34-69 - BOGOTA	51	SEGURIDAD SOS	d	1
EPIG	CALLE 21 44-18 - BOGOTA	24	OTROS	d	1
SIES 2010	CALLE 21 44-18 - BOGOTA	25	OTROS	d	1
SIES 2011	CALLE 21 44-18 - BOGOTA	23	OTROS	d	1
UNION TEMPORAL P&A	EDIFICIO ECOTEK	52	AVIZOR	d	1

Information on 31 December 2016 - Joint Ventures

Registered offices	% of Nominal	Shareholding	Case in which it is consolidated	Activity	Auditor
		Shareholding Company			
Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	b	8	B
Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Ros egur Holding Corporacion, S.L.	b	4	B
Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Ros egur, S.A.	b	4	B
Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Bucuresti, Romania	50.0	Via: Ros egur, S.A.	b	4	B
Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A.	b	2	B
Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna 8000001 Buharm India	100.0	SIS Cas h Services Private Ltd	b	2	B
Annapurna Bhawan, Telephone Exchange Road, Kurji, Patna 8000001 Buharm India	50.0	Singpai Alarms Private Ltd	b	3	B
Abu Dhabi, Al falah Street, 211 ABDULLAHAMAD LUWAIE AL AMERI, P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.	b	3	C
No. 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg	33.3	Prosegur Global CIT R.O.W. SLU	b	2	B
	50.0	Via: SBV Services Proprietary Limited	b	2	B
	100.0	Via: SBV Services Proprietary Limited	b	2	B

Information on 31 December 2016 - Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE PCS SSG BSM BARCELONA UTE LEY 18/1982	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100		d	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135, 28009 Madrid	95	FERROSER	d	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG PALAU DE LA MÚSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PCS SSG AEROP. BARCELONA LOT 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70	CSP SIGLO XXI	d	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100		d	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. BASQUE COUNTRY)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESPAÑA SERVIMAX OF. ANTIFRAU CATALUNYA II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG FUND. PRIV. HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA)	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES VASBE GERENCIAS TERRITORIALES MNTD. JUSTICIA	Pajaritos, 24 28007 Madrid	43	VASBE	d	1
UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES SSG UNIVERSITAT POMPEU FABRA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC CORA FASE I	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC MUSEO GUGGENHEIM II	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC AEROPUERTO DE ALICANTE	Pajaritos, 24 28007 Madrid	100		d	1
UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC AGENCIA TRIBUTARIA	Pajaritos, 24 28007 Madrid	100		d	1
UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III	Pajaritos, 24 28007 Madrid	100		d	2
UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III	Pajaritos, 24 28007 Madrid	100		d	2
UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1	Pajaritos, 24 28007 Madrid	100		d	1
UTE CLECE PCS TEATRO KURSAAL MELILLA LAW 18/82	Calle Industria, Building 1 Metropol I, 4th mod. 20. Mairena de aljarafe, SEVILLA 41927	10	CLECE	d	1

Information on 31 December 2016 - Joint Operations. Joint Ventures.

Business Name	Registered offices	Shareholding		Notes	Activity
		% of Nominal	Partner company in joint venture		
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 28045 Madrid	11.56	SEGUR IBERICA AND OTHERS	d	1
LIMPIEZA Y VIGILANCIA CÁCERES UTE (Schools and Municipal Dep.)	Principe de Vergara, 135, 28002 Madrid	20	FERROSER	d	1
TOTAL SECURITY	Calle 19 B 34-69, Bogotá	53	SOS SECURITY	d	1
SHOPPING CENTRE	Prosegur manned guarding Teusaquillo Office	55	SOS SECURITY	d	1
EPIG	Calle 21 B 44-18, Bogota	28.75	OTHER	d	1
SIES 2010	Calle 21 B 44-18, Bogota	24.5	OTHER	d	1
SIES 2011	Calle 21 B 44-18, Bogota	22.5	OTHER	d	1
ESPINAL CCTV JOINT VENTURE	Trans 23 95-53 Ecotec Building	80	INTEGRA SECURITY SYSTEMS	d	1
2011 CONGRESS JOINT VENTURE	Trans 23 95-53 Ecotec Building	69.5	INTEGRA SECURITY SYSTEMS	d	1
2011 MANIZALES JOINT VENTURE	Trans 23 95-53 Ecotec Building	99.5	INTEGRA SECURITY SYSTEMS	d	1
CALI TECHNOLOGY JOINT VENTURE	Trans 23 95-53 Ecotec Building	47	INTEGRA SECURITY SYSTEMS	d	1
PROSEGUR INDRA JOINT VENTURE	Trans 23 95-53 Ecotec Building	40	INDRA SISTEMAS S.A	d	1
DOCUMENT MANAGEMENT LOGISTICS CONSORTIUM	Trans 23 95-53 Ecotec Building	51	PROTESH INGENIERIA SAS	d	7

Instance when it is consolidated

- If the investee company is controlled, consolidated by the global integration method.
- Existence of significant influence, consolidation by the equity method.
- Joint ventures are consolidated by the proportional method.

Activity

- Activities of the Security business group.
- Activities of the Cash business group.
- Activities of the Alarms business group.
- Activities included in more than one business group.
- Holding company.
- Financial services.
- Auxiliary services.
- Dormant.

Auditor:

- Audited by KPMG.
- Not subject to audit.
- Audited by other auditors.

Notes:

- The purpose of joint operations correspond entirely to services related to the Integrated Security Solutions business line.

Joint venture activity:

1. Active Joint Venture.
2. Dormant Joint Venture.
3. Joint Venture under liquidation.

APPENDIX III. – Summary Information on Joint Ventures**Information on 31 December 2017**

Thousand of euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV Services Proprietary Limited	Otras sociedades poco significativas	Total
Information from financial statement					
Non-current assets	12,725	10,936	98,983	1,737	124,381
Non-current liabilities	(7,708)	-	(41,746)	(38)	(49,492)
Total net non-current assets	5,017	10,936	57,237	1,699	74,889
Current assets	15,597	18,292	30,074	1,780	65,743
Cash and cash equivalents	3,270	(4,496)	3,992	1,215	3,981
Current liabilities	(9,192)	(20,095)	(29,214)	(2,026)	(60,527)
Current liabilities	-	-	-	-	-
Total net current assets	6,404	(1,803)	860	(246)	5,216
Net assets	11,422	9,133	58,097	1,453	80,105
Percentage of share	49%	49%	33%	44%	
Share in net assets	5,597	4,475	19,152	643	29,867
Goodwill	-	-	-	-	-
Carrying value of share	5,597	4,475	19,152	643	29,867
Information from profit and loss account					
Ordinary revenue	-	-	-	-	-
Costs to sell	-	-	-	-	-
Impairment of shares by equity method	24,050	20,308	207,784	465	252,608
Finance income	(24,379)	(21,598)	(204,003)	(2,014)	(251,994)
Depreciation and amortisation	-	-	-	-	-
Finance expenses	-	-	-	-	-
Expenses (income) for tax on profit	(1,068)	(827)	(1,902)	(171)	(3,968)
Yearly profit from continuing operations interrupted	(525)	(231)	(5,362)	(18)	(6,136)
Yearly profit from interrupted operations	-	-	-	-	-
Resultado del ejercicio	-	-	-	-	-
Profit/loss for the year	(795)	(1,442)	(1,048)	(1,535)	(4,820)
Profit/loss from Investments accounted for using the equity method	-390	-706	-346	-680	-2,122

Information on 31 December 2016

Thousands of euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV Services Proprietary Limited	Other insignificant companies	Total
Information from financial statement					
Non-current assets	14,663	12,026	84,019	6,598	117,307
Non-current liabilities	-	-	(50,966)	(713)	(51,679)
Total net non-current assets	14,663	12,026	33,054	5,885	65,628
Current assets	16,038	19,596	40,450	3,894	79,978
Cash and cash equivalents	2,198	10,883	19,809	154	33,044
Current liabilities	(16,723)	(20,685)	(23,453)	(6,749)	(67,610)
Current liabilities	-	-	-	-	-
Total net current assets	(685)	(1,089)	16,997	(2,855)	12,368
Net assets	13,978	10,937	50,051	3,030	77,996
Percentage of share	49%	49%	33%	44%	
Share in net assets	6,849	5,359	16,682	1,342	30,233
Goodwill	-	-	-	-	-
Carrying value of share	6,849	5,359	16,682	1,342	30,233
Information from profit and loss account					
Ordinary revenue	24,147	18,766	134,070	451	177,433
Costs to sell	(26,759)	(19,654)	(139,199)	(1,584)	(187,196)
Impairment of shares by equity method	-	-	-	-	-
Finance income	-	-	-	-	-
Depreciation and amortisation	(1,740)	(1,055)	-	(95)	(2,891)
Finance expenses	(608)	(394)	(4,825)	146	(5,682)
Expenses (income) for tax on profit	58	79	3,033	(18)	3,151
Yearly profit from continuing operations interrupted	(3,163)	(1,203)	(6,922)	(1,006)	(12,294)
Yearly profit from interrupted operations	-	-	-	-	-
Profit/loss for the year	(3,163)	(1,203)	(6,922)	(1,006)	(12,294)
Profit/loss from Investments accounted for using the equity method	-1,550	-590	-2,307	-446	-4,893

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Consolidated management report for reporting year 2017

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Consolidated management report for reporting year 2017

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

1. Position of the company

Prosegur 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, Germany, France, Portugal, Luxembourg (in spite of not being a jurisdiction where there is operational activity, it is included as a result of the Luxembourg company Pitco Reinsurance, S.A. with the corporate purpose of insurance coverage), Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China, South Africa and Australia.

1.1 Business model

Prosegur's business model can be characterised by the slogan "One Group, Three Businesses". This structure allows the group to contribute the value of the brand, shareholding stability, and specialised and efficient support units, while the businesses maintain their independence and flexibility to operate and grow in those markets that are most favourable to the characteristics of each unit. Through the implementation of this strategy, the company is accelerating its growth, continues to improve its profitability, has simplified its organisation and has increased gained greater specialisation and efficiency. The model gives visibility to the value of each business independently, and what is even more important, it allows Prosegur to establish the necessary foundations to approach its future development with the greatest assurance of success.

Prosegur's three business lines are:

- **Security:** It provides services that are the result of effectively combining cutting-edge technology with the best professionals. This area includes, mainly, the activities of manned guarding, including the protection of premises, property and persons, together with activities related to technological security and cybersecurity solutions.
- **Cash:** It provides services ranging from the basics of securities logistics and cash management to the outsourcing of high added-value services. This business is mainly focused on the banking and distribution sectors.
- **Alarms:** It has a wide range of services that help to improve the security and security of families and businesses. It includes the installation and maintenance of home alarms, as well as alarm monitoring by the ARC.

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

Mission

Our mission or reason for being (for which we work every day) is to generate value for our customers, shareholders and society in general by offering integrated, specialised security solutions, incorporating the most advanced technology and relying on the talent of the best professionals.

Vision

Our Vision (the goal we want to achieve at Prosegur) is to be a global reference for security, respected and admired as a leader, with the aim of building a more secure world.

Values

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

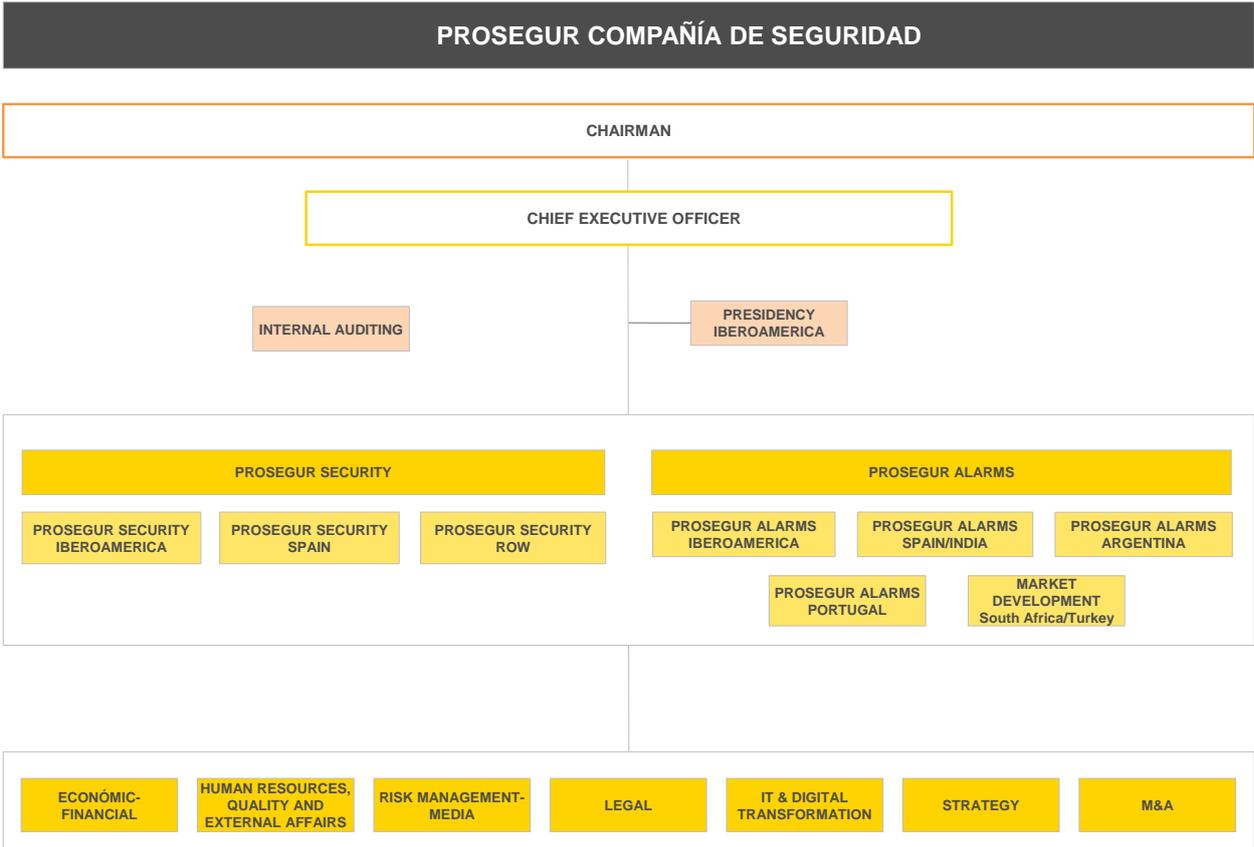
1.2 Organisational structure

The organisational structure of Prosegur is designed to improve business processes and offer added value to our clients. The company’s flexibility promotes ongoing adaptation to a changing environment and the development of Prosegur as a business group, whilst allowing for the growth of Prosegur as a group and offering significant capacity for adaptation to the Cash, Security and Alarms businesses, since each of these experiences different dynamics and, therefore, has different needs. This allows Prosegur to ensure the best quality of customer service wherever it operates.

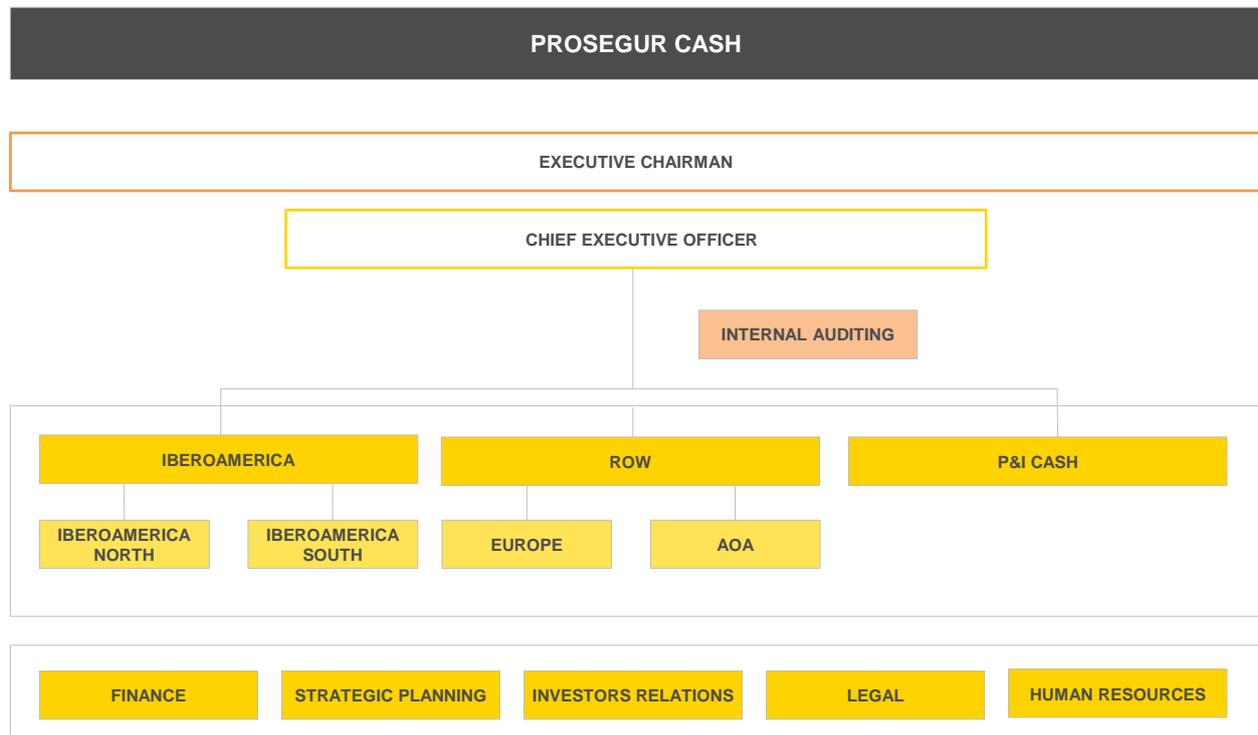
Business is the main cornerstone of the organisation and is embodied in the General Business Management Departments, which are responsible for the design of security solutions for clients and cover the main business lines:

Corporate functions are supervised by the Global Support Divisions that cover the Financial-Economic, Human Resources, Quality and External Relations, Risk Management, Legal, IT & Digital Transformation, Strategy, and M&A areas.

The organisation of Prosegur is shown in the table below:



Shown below is the organisational chart of Prosegur Cash, a subsidiary of Prosegur Compañía de Seguridad, which holds, directly and indirectly, a 72.5% ownership share:



The representation power of the parent company of the Group is exercised by the Board of Directors, acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the General Shareholders' Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Appointments and Remuneration Committee. Amongst the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of generally accepted accounting principles. For its part, the Appointments and Remuneration Committee establishes and reviews the criteria for the composition and remuneration of the Board of Directors and for the Prosegur management team. It also periodically reviews remuneration programmes.

Changes in the composition of the Group

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

- On 17 February 2017, Prosegur acquired 100% of Cash Services Australia Pty Limited, an Australian security company that provides cash and valuables in transit and cash management services. The total purchase price was AUD 2,998 million (equivalent on the purchase date to: EUR 2,171 thousand).
- On 14 September 2017, Prosegur acquired 100% of the Contesta Group in Spain, a group specialised in the provision of banking administrative services. The total purchase price was EUR 15,609 thousand.
- On 1 December 2017, Prosegur acquired a series of assets of Omni S.A., a Paraguayan security firm specialising in monitoring residential alarms. The total purchase price was 39,039,000 thousand Paraguayan guaraníes (equivalent on the acquisition date to: EUR 5,811 thousand)
- In 2017, Prosegur acquired a series of assets and security companies in Ibero-America that provide securities logistics and cash management services. The total purchase price was EUR 32,360 thousand.

In financial year 2017, the following companies were incorporated:

- In February 2017, the company BIP Serviços de recepção e portaria Ltda. was incorporated in Brazil.
- In February 2017, the company BIP Serviços de Vigilancia Patrimonial Ltda. was incorporated in Brazil.
- In February 2017, the company Prosegur Holding SIS Ltda. was incorporated in Brazil.
- In May 2017, the company Prosegur Alarm Hizmetleri Anonim Sirket was incorporated.
- In October 2017, the company SIS Prosegur Cash Logistics Private Limited was incorporated in India.

The following companies were liquidated during the fiscal year:

- In October 2017, Centro Informático de Servicios de Vigo, S.A. was liquidated in Spain.
- In December 2017, the companies GRP Holding SARL and Prosegur Security Luxemburg SARL were liquidated in Luxembourg.
- In December 2017, Prosegur GmbH & Co KG was liquidated in Germany.

Furthermore, the following mergers and spin-offs took place between subsidiaries in 2017:

- In October 2017, the takeover merger of Servicios de Efectivo de Peru, S.A. by Compañía de Seguridad Prosegur, S.A. was formalised in Peru.
- In November 2017, the takeover merger of TC Interplata, S.A. by Transportadora de Caudales Juncadella, S.A. was formalised in Argentina.
- In Brazil, in December of 2017, there was a split of the security business from Prosegur Brasil S.A. Transportadora de Valores e Segurança in favour of Securpro Vigilancia Patrimonial S.A. was formalised in Brazil.
- In December 2017, the takeover merger of Verwaltungs GmbH by Prosegur GmbH & Co KG was formalised in Germany.

1.3 Operation

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

In 2017, Prosegur completed the implementation of its 2015 - 217 Strategic Plan. What stands out most from this period is the transformation of the company's organisational mode, as it has moved from a country-based model to one that is business based. During the last year of the Plan, as the new model gained strength, the company completed a series of achievements associated with six strategic objectives.

Quantitative objectives:

- **Growth:**
 - ✓ Emphasise growth in new business volume.
 - ✓ Maintain a firm commitment with the development and sale of new products.
 - ✓ Promote the specialisation of managers.
- **Indirect Cost Management:**
 - ✓ Simplify the decision making process and create a more streamlined organisation.
 - ✓ Reduce the burden of indirect costs, mainly in corporate business.
- **Cash Management:**
 - ✓ Maintain the cash generation pace and its conversion with respect to EBITA.

Qualitative objectives:

- **Management at the Delegation Level:**
 - ✓ Continuously measure the quality level of the services and customer satisfaction.
 - ✓ Offer value focused on the needs of the client.
- **Operational efficiency:**
 - ✓ Finish implementing corporate platforms in all Prosegur countries.
 - ✓ Continuation of the operational improvement aspect of the Kaizen Project.
 - ✓ Continue promoting expertise centres implementing best practices in all countries.

- **Process Simplification:**
 - ✓ Build a Prosegur that is more agile, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making and being supported by the KISS (Keep It Super Simple) project.

The overall valuation of the 2015-2017 Strategic Plan has been positive. The main conclusion is that, after implementing the business-based management model, Prosegur is prepared to face the following new challenges and goals, which are defined in the 2018-2020 strategic plan.

Quantitative objectives:

- **Growth:**
 - ✓ In Alarms, to drive business value by increasing the number of connections in order to take advantage of economies of scale.
 - ✓ In Security, to promote integrated sales of surveillance and technology products through solutions that set us apart from our competitors and that offer the latest security solutions to our customers.
 - ✓ In Cybersecurity, to develop a platform that establishes us as a benchmark in our industry.
 - ✓ In Cash, to continue growing in order to take the lead in market consolidation and stimulate the sale of new products.
- **Profitability and cash:**
 - ✓ To support operating excellence and improve process technology to achieve increased profitability.
 - ✓ Reduce the burden of indirect costs, which do not create value for the customer.
 - ✓ Continue generating cash at a good pace, placing emphasis on those business that maintain a good EBITDA conversion ratio.
- **Business transformation:**
 - ✓ Introduce new products that improve customer satisfaction, transform the business and reflect our clear commitment to innovation.

Qualitative objectives:

- **Advance with the customer.**
 - ✓ List to customers to develop new value propositions that meet their needs.
 - ✓ Continuously measure the quality level of the services and customer satisfaction.
- **Digital transformation of the company:**
 - ✓ Continue driving cultural change in Prosegur, moving towards a more agile, technological and digital company.
 - ✓ Deploy those platforms and tools that are necessary to simplify management, improve customer experience and allow us to lead the industry in the future.
- **Prosegur Talent Management (attract, develop and retain);**
 - ✓ Attract, develop and retain the most qualified professionals to this end, Prosegur offers them the knowledge and tools needed to leverage their skills and grow within the company.

2. Business performance and results

2.1 Fundamental indicators of financial and non-financial character

(millions of euro)	2017	2016	Variation
Sales	4,290.7	3,902.3	10.0%
EBITDA	518.4	449.4	15.4%
<i>Margin</i>	12.1%	11.5%	
Depreciation of property, plant and equipment	(104.1)	(91.8)	
Depreciation of intangible assets	(25.4)	(24.7)	
EBIT	388.9	332.9	16.8%
<i>Margin</i>	9.1%	8.5%	
Financial results	(45.0)	(58.7)	
Profit before tax	343.9	274.2	25.4%
<i>Margin</i>	8.0%	7.0%	
Tax	(145.6)	(140.1)	
<i>Tax rate</i>	(42.3%)	(51.1%)	
Net profit	198.3	134.1	47.8%
Minority interests	48.0	0.0	
Consolidated net profit	150.3	134.1	12.1%
Basic profit per share	0.25	0.22	

The 2017 reporting year saw a sales increase of 10.0%. Consolidated sales of Prosegur in financial year 2017 amount to EUR 4,290.7 million and have experienced an increase of 11.9% at a constant exchange rate.

The EBIT/Sales margin of 9.1% demonstrates Prosegur's ability to maintain the profitability of businesses in spite of the impact of amortisations derived from new business acquisition operations.

Consolidated net income increased by 12.1%, mainly due to higher sales and increased business margins.

The corporate restructuring plan implemented over the course of the past two years has had an impact on EBIT of EUR 3.4 million (EUR 9.0 million in 2016), and on tax of EUR 18.5 million (EUR 41.5 million in 2016).

Excluding the effect of corporate restructuring, Prosegur had a 13.8% increase in EBITDA on 2016. The EBIT / Sales margin was 9.1% and consolidated net income decreased by 6.7%.

Analysis of management in 2017

From a management standpoint, the 2017 fiscal year was characterised by several factors which affected Prosegur's business lines differently.

The end of 2016 saw the close of an internal reorganisation phase, begun in 2015 with the aim of reinforcing the independent growth of the business areas, maintaining the market advantages of a comprehensive security model but also fostering independent margin protection policies for each business, while assisting regions in dedicating the majority of their resources to sales and customer service with support from a more efficient and service-oriented centralised global structure.

As a result of this reorganisation, in 2017 Prosegur adopted a new market communication and information model based on independent reports by business line instead of by geographical area, while at the same time crystallising, with great success, what was probably the most significant event of the year: the stock market flotation of the Prosegur Cash subsidiary.

On 17 March, Prosegur made a public offering of 412.5 million shares, of the 1.5 billion shares that make up the total number of shares issued, at an IPO price of 2 euros per share.

Investors welcomed this new issue with great enthusiasm, resulting in a strong demand for the shares in the early stages of the placement which, right from the start, would prove to be one of the best initial public offerings of the year in Spain, with an increase in value that, over the course of the year, would reach 30% and which at no time dropped below the initial offer price.

With this operation, Prosegur Cash was on its way to operating independently in the market and to generating its own business report.

The progress of Prosegur Cash during the course of 2017 was very positive. With organic growth in line with that of the prior year, and benefitting (during the first half of the year) from a very favourable exchange rate that slowed in the second half of the year and even turned negative, the subsidiary was still able to achieve excellent growth greater than 10% for the year as a whole.

The new added-value services, such as automated cash machines for retailers and small businesses, branch-based bank balance reconciliation services, and administrative support services for financial entities, have started a new line of growth, improving market penetration by 20% over the prior year and, by the end of the year, accounting for nearly a tenth of Prosegur Cash's revenues.

In addition to this excellent organic development, Prosegur Cash has also completed several acquisitions of companies, one of the most interesting of which is the purchase of Contesta, a Spanish company offering back-office services for financial institutions.

With this acquisition in Spain, the AVOS unit of Prosegur Cash takes a step forward in its business strategy to generate processes that are increasingly integrated and end-to-end, supported by multichannel technology platforms. This way, Prosegur Cash is strengthening its strategic commitment to a future of high-value-added services that supplement its traditional cash in transit and cash processing services.

The Outsourced Services Value-Added (AVOS) division of Prosegur Cash already has more than 1,200 employees.

In geographical terms, the greatest growth impetus for Prosegur Cash during the past year came from the Iberoamerican regions, where the demand for cash in transit services remains high and it is possible to benefit from the macroeconomic dynamics of emerging countries, such as inflation and high interest rates, or very rapid bankisation processes amongst populations that demand extensive deployment of branch banks and automated teller machines.

The business activity of Prosegur Security also showed excellent growth in 2017.

Given that approximately half of its business is in Europe, favourable or adverse exchange rates have had less of an impact in this business line, which ended the year with growth above 8%.

Prosegur's Security division has experienced excellent growth in Europe, driven by several large contracts awarded in Spain in the latter part of 2016 for security at national airports, and whose economic potential has been realised in the form of revenues throughout the year, as well as other major contract awards by first-rank Spanish multinationals, clearly establishing Prosegur as the supplier of choice to major Spanish customers, not only for the provision of domestic services, but in all countries where the customer has a presence.

The excellent progress of the business in Europe has been further strengthened by increased sales of integrated security solutions, which in 2016 accounted for more than half of new sales, a level of penetration that has continued and even increased in 2017.

This new type of security solution, based on the effective use of remote technologies for monitoring any event that is critical to the customer, combined with the ability to rapidly deploy human intervention services, is being very well received in the market and, although the sales cycle is long and complex, once such systems have been deployed, they are an excellent way to win customer loyalty, lengthen the terms of contracts and thus increase their profitability, and raise barriers against the entry of possible competitors. For all of these reasons, Prosegur's commitment in this area will remain firm in the coming years.

In Ibero-America, excluding Brazil, the Security business has also shown satisfactory growth, very much in line with the development of the respective economies of each country. Although the macroeconomic dynamics of that region do not yet favour the penetration of new technology-based solutions, what is becoming clear is that the sales cycles for this type of product will be shorter than they are in Europe, offering good prospects of excellent growth potential in all countries.

In terms of revenues, organic growth in the region has continued, with the same strong growth rates experienced in 2016, and margins in the region have continued to grow in a stable manner. While it is true that during the second half of the year the depreciation of the most important currencies in the region, the Argentinean Peso and the Brazilian Real, have limited growth in Euros, the growth of the entire Security business over the course of the year was 8.4%.

In Brazil, the strong margin protection and recovery policies initiated in 2015 have remained in place in 2017.

The country has experienced slightly negative sales growth due to efforts to correct the deficit situation of the Security business, which involves not only adjustments in the administrative and support areas, but also a strict focus on the optimisation of client portfolios, dropping low-profit clients in favour of higher-yielding accounts.

This process has involved a reduction in volumes in the Security business, which, although offset by the growth of the Cash business in the country, has resulted in a flat situation in local currency sales, but with very positive prospects for upcoming years.

The positive outcome of these aggressive recovery measures is that, by the latter part of the year, the Security business unit in Brazil was abandoning its losses and, in purely operational terms, was turning profitable, a development that augurs well for this country in the coming years. This recovery phase can be expected to gain momentum in the coming years by taking advantage of the emerging economic recovery of the country and new labour reforms implemented by the government with an aim to promoting growth and investment.

The Alarms business also experienced excellent growth in 2017.

In fact, the principal growth indicator in this business, the rate of new contract connections to the installed base, doubled in comparison to prior years, reaching growth levels of 18%, compared to rates of slightly more than 8% in previous years.

This extraordinary growth, far higher than the overall growth rate of this industry, is consistent in all geographical areas and, what is more important, has taken place within the profitability parameters established by the our key business indicators.

By the end of 2017, the total installed base of alarms was nearing half a million, with a churn rate of 10% that has remained stable in recent years, sustained sales productivity of 5 alarms per month per sales representative and an average monthly fee per connection (ARPU) of 38 euros. These data or similar to, or slightly better than, those of 2016, assuring that business growth is taking place without any impairment of future profitability.

Currently the geographical distribution of the customer portfolio is very homogenous, with about half of the alarms located in the Iberoamerican region and the other half in Europe and the rest of the world.

With respect to the growth of the latter region, special mention should be made of the excellent growth of the South African subsidiary in Johannesburg where, following the start-up of the business in late 2016, the contract base has doubled in a single year. Also notable is our entry into the Indian market with the opening of a new subsidiary in New Delhi, where the home alarm market is expected to develop from scratch, with very promising dynamics.

The contract base is also evenly distributed between residential alarms and alarm systems for small businesses and retail stores, thus creating a very health product mix in which the long contract periods of residential customers offset the shorter contracts of commercial customers, which at the same time boost overall business revenues by bringing in larger monthly service fees. The combination of these two types of clients, together with their homogeneous geographical distribution, produce the excellent key business indicators mentioned previously.

With regard to sales growth, developments over the coming years will gradually shift the larger portion of the contract base to Ibero-America, as this region has a net contract connection rate of nearly 20% per year, compared to 10% in Europe. In both cases, the growth rates are double the industry average growth rate in both regions.

Ibero-America is benefitting from an enormous expansion of an emerging middle class, whose living conditions are constantly improving and who have increasingly more valuable personal assets, intensifying the need to ensure that they are protected.

Finally, it is important to highlight the strong growth, within the alarm business, of new products and services intended to create customer loyalty and increase recurrent billing, such as the protection and tracking of vehicles, with more than 10,000 cars now under management, or new devices for locating and assisting the elderly who require immediate medical attention, as well as new product lines aimed at automating and controlling a variety of items in the home such as remote opening and closing of doors, heating and air conditioning, etc.

Growth forecasts in this business line for the coming years estimate that the current rates of increase in net connections can be sustained while reducing churn rates and maintaining or improving recurring monthly fees. This strong organic growth can be supported through selective growth through acquisitions, with an aim to improving service density in countries where Prosegur Alarms already has a presence, or entering cities that promise strong penetration rates.

To this end, we will continue investing to grow the sales force and increase marketing and advertising, using part of the funds obtained from the stock market flotation of Prosegur Cash, exactly as set out in the company's strategic plan.

In conclusion, 2017 was a very satisfactory year, driven initially by favourable currency exchange rates which, beginning in the second half of the year, turned negative and slightly offset (by nearly 2%) the excellent 11.4% organic growth obtained from the group as a whole.

In any case, the magnificent 10% growth rate in euros positively reflects the correctness of the inorganic growth strategies of previous years, which facilitated the establishment of a solid foundation to guarantee organic growth in adverse periods, as well as the excellent adaptive capacity of Prosegur's integrated business model to provide security and cash management solutions that are valued well over price considerations by clients in all countries, allowing the company to mitigate adverse economic conditions and grow organically in a continuous and profitable manner.

The objectives achieved are even more valuable when one considers that Prosegur conducts business in 14 currencies in addition to its operating currency, the euro, and that the effect of depreciation of some currencies in Ibero-America had a very negative impact on the main sections of the income statement.

The supports that made it possible to obtain satisfactory results in 2017 were an efficient combination of promotion of commercial strategies, in mature markets, towards new service models focused on more efficient use of client security costs while guaranteeing and measuring desired protection levels, combined with strategies for sustaining above-market growth for the more traditional products in emerging markets and a strategy for entry into the market for outsourcing banking business processes.

This new organisation model resulted in strict control of indirect costs and expenses that reinforces previous year policies and that is complemented by the introduction of new quantification and comparison tools that streamline decision making and identify and isolate inefficiencies more quickly.

Regarding the group's financial position and solvency, based in part on the funds obtained from the stock market flotation of Prosegur Cash and the excellent cash-generating capacity of its businesses, during 2017 Prosegur undertook a profound restructuring of its debt that reduced its gearing ratio to historically low levels and was rewarded with the renewal, for an additional year, of its stable BBB credit rating granted by Standard & Poor's in 2017.

In addition, in December 2017 Prosegur was utilising the remainder of the funds obtained in the IPO to compensate its shareholders with an extraordinary dividend of 0.45 euros per share, for which it earmarked a total of 280 million euros.

In April 2018, Prosegur plans to repay the 500 million euro bond issued in 2013, for which it has already obtained the required funds and for which it is now considering the most efficient refinancing models so that it can reduce the financial costs of the group in coming years and maintain the indebtedness level within the conservative, "comfort level" parameters established by the Board of Directors.

Finally, in 2017, the implementation of new key management indicators for the group was completed. As a result we have updated corporate policies this year that have facilitated decision making with respect to:

- a) The establishment of continuous improvement objectives.
- b) The consideration of alternative strategies and options.
- c) The adoption of necessary measures for the implementation of defined strategies and introducing corrective measures to deal with deviations.
- d) The creation of competitive advantages.

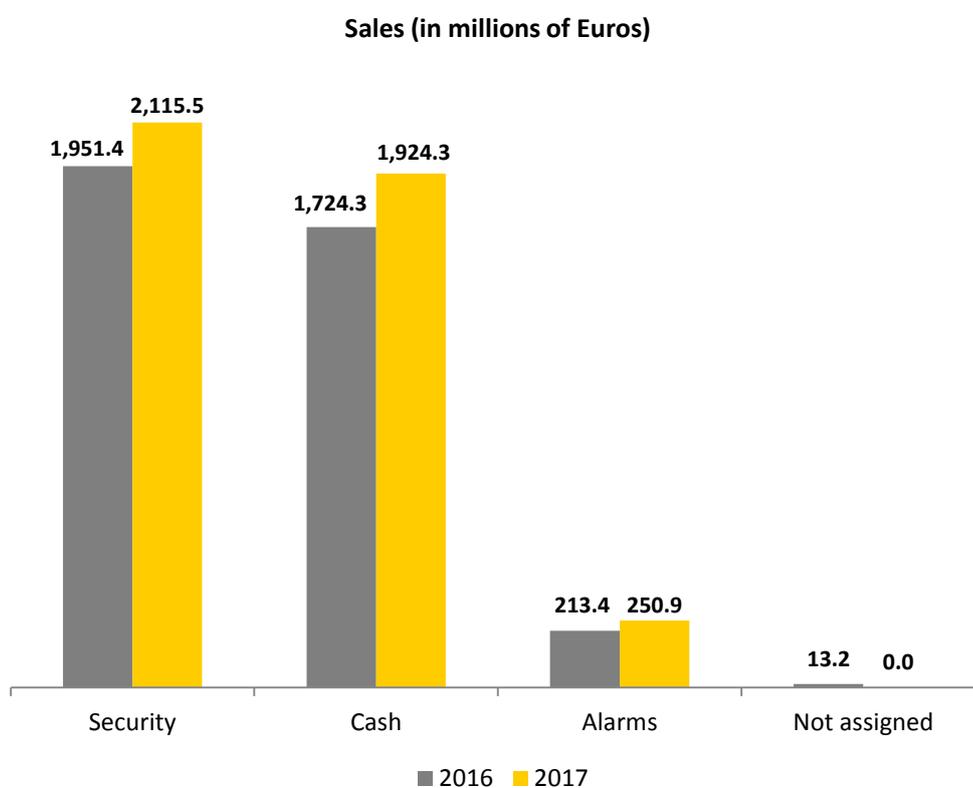
Currently, the Prosegur Management employs a control panel of timely and suitable information on its clients, the market, and the legal, economic, and technological environment that allows it to make continuous operational adjustments.

Over the following sections details are provided on the most significant variables of the management and its evolution during the period, including activities, business management, personnel, investments, and financial exploitation and management.

Sales by business area

Prosegur's consolidated sales over 2017 were EUR 4,290.7 million (2016: EUR 3,902.3 million), or a total increase of 10.0%, of which 11.4% corresponds to pure organic growth, 0.5% corresponds to inorganic growth mainly derived from purchases carried out during 2017. The effect of the fluctuation of exchange rates decreased by 1.9%.

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



Aggregated consolidated sales are distributed by business area as follows:

(Millions of euros)	2017	2016	Variation
Security	2,115.5	1,951.4	8.4%
<i>% total</i>	<i>49.4%</i>	<i>50.0%</i>	
Cash	1,924.3	1,724.3	11.6%
<i>% total</i>	<i>44.8%</i>	<i>44.2%</i>	
Alarms	250.9	213.4	17.6%
<i>% total</i>	<i>5.8%</i>	<i>5.5%</i>	
Not Assigned	-	13.2	-100.0%
<i>% total</i>	<i>0.0%</i>	<i>0.3%</i>	
Total	4,290.7	3,902.3	10.0%

The increase of turnover for 2017 compared to 2016 is 10.0%.

The Security business, which includes the Surveillance and Technology areas, has experienced an increase in sales of 8.4%. The effect of currency devaluation in countries such as Argentina and Brazil penalised the sales turnover of Prosegur.

With respect to the Cash business, sales have continued to trend upwards thanks to the robustness of the business and the differentiation of Prosegur's cash services compared to those of competitors, mainly with the introduction of new products, showing an increase of 11.6% and reaching EUR 1,924.3 (2016: EUR 1,724.3 million).

Lastly, the Alarms business had annual revenues of 250.9 million euros in 2017 (2016: 213.4 million euros), reflecting an increase of 17.6% and achieving growth of 18% in the net connection rate for new contracts.

The series shown below illustrates the growth of Prosegur's consolidated turnover over the last five reporting years:

(Millions of euros)	2013	2014	2015	2016	2017
Revenue	3,695.2	3,782.6	3,959.4	3,902.3	4,290.7

EBIT margins by business

Consolidated operating profit (EBIT) stands at EUR 388.9 million for 2017 (2016: EUR 332.9 million). The EBIT margin for 2017 was 9.1% (2016: 8.5%).

This margin of 9.1% is especially important in a year affected the depreciation of the main currencies of Iberoamerican countries.

The following table shows the distribution of the EBIT margin by business line:

Millions of euros	Cash		Security		Alarms		Not assigned		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales	1,924.3	1,724.3	2,115.5	1,951.3	250.9	213.4	-	13.3	4,290.7	3,902.3
EBIT	360.2	320.5	65.9	40.7	3.5	10.0	(40.7)	(38.2)	388.9	332.9

In the following table, the EBIT tendency over the last five years can be seen:

(Thousands of euros)	2013	2014	2015	2016	2017
EBIT	297.6	307.3	324.2	332.9	388.9
% EBIT margin	8.1%	8.1%	8.2%	8.5%	9.1%

The EBIT margin on consolidated sales was 9.1% during 2017. The upwards trend of earlier years was reduced in 2013, basically because of currency depreciation, in particular the Brazilian Real. However, since 2015, Prosegur has managed to recover a growth strategy, mitigating the currency depreciations that took place in 2016 and 2017 mainly due to the Brazilian Real and the Argentine Peso.

Information concerning the assignment of Prosegur assets to each one of the segments and reconciliation between the result assigned to segments and the consolidated net results is shown in Note 10 of the consolidated annual accounts.

Commercial information

Prosegur services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. To this end, for clients with whom there is no prior experience, inquiries are consultations are conducted using public domain data in order to carry out risk evaluations and individual analyses that are objectively measurable. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing for optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is contracting a value added and responsible security service.

Prosegur continuously renews its offer and develops new products in every business line.

Investments

Prosegur's investments are analysed in every case by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. They are then laid before the Investment Committee for a final decision on whether to proceed with the investment. Investments that exceed 0.6 million euros are laid before the Board of Directors for approval.

Amortisation provisions totalled EUR 129.6 million in 2017 (2016: EUR 116.5 million). This amount corresponds to property, plant and equipment and investment property worth EUR 89.5 million (2016: EUR 77.5 million) and computer applications worth EUR 14.7 million (2016: EUR 14.3 million) and other intangible assets worth EUR 25.4 million (2016: EUR 24.7 million).

Details of total investments analysed by the Investments Committee during 2017 and a comparison with 2016 are shown below:

(Millions of euros)	2017	2016
First quarter	38.6	17.2
Second quarter	28.6	35.7
Third quarter	13.3	24.9
Fourth quarter	36.2	37.7
Total	116.7	115.5

EUR 186.7 million was invested in property, plant and equipment in 2017 (2016: EUR 152.7 million). Moreover, investment in computer applications totalled EUR 21.2 million (2016: EUR 14.8 million).

3. Non-Financial Information

Prosegur is aware that its position as a global leading company in private security gives it the responsibility of working to raise standards in the private security sector in all of the environments where it operates. Performance in aspects such as the reduction of environmental impact, the generation of quality employment, the health and safety of workers, regulatory compliance, respect for human rights and good governance represent the clearest example of our commitment.

Formal policies and procedures related to these matters have been established within the framework of the Prosegur management system, 3P Policies. The 3P System allows us to have internal rules and a common language for services and processes throughout the organisation. It makes it easier to standardise and provide services focussed on meeting the required quality level and also to efficiently manage resources and continually improve processes.

In relation to environmental and social issues, personnel, respect for human rights and the fight against corruption and bribery, the following policies and procedures are noteworthy:

- Prosegur CR Policy.
- Environmental Management Policy.
- HR Decalogue.
- Human Resources General Management Policy.
- General policy for discrimination and harassment complaints.
- Occupational Health and Safety Policy.
- Security and Associated Policies Decalogue.
- Prosegur Code of Ethics and Conduct
- General Procedure for the Complaints Channel.

3.1 Environmental issues

KPI's	Results
Direct CO ₂ emissions	Security: 27,796.70 T Cash: 43,368.65 T Alarms: 8,473.88 T
Indirect CO ₂ emissions	Security: 2,456.30 T Cash: 11,908.89 T Alarms: 714.55 T

Prosegur has a 3P policy or general regulation, which is mandatory for all employees, established in countries and businesses that have a locally defined environmental policy to ensure compliance with applicable environmental legislation. The Prosegur Management for all businesses establishes the need to evaluate risks and adopt measures to minimise them, as well as setting annual targets to reduce the impact of their activities on the environment. The Management promotes the adoption of the international ISO 14001 standard.

The business activities of Prosegur do not have a significant environmental impact. These activities are related to the rendering of services and therefore do not involve transformation or manufacturing activities. These activities are very manpower intensive, for example, cash in transit and manned guarding services. The greatest environmental impact occurs in the Cash business, mainly in the form of movement of armoured vehicles to our customers' facilities.

Because of its high number of employees of Prosegur Compañía de Seguridad, it is important to heighten awareness through training, relating principally to care of the environment and sustainability.

The main environmental aspects inherent to Prosegur's business activities are:

- For the Security and Alarm businesses, the most significant are water and paper use, generation of wastes, mainly with a low hazard level, such as paper, cardboard, uniforms and packaging.
- For the Cash business, the main environmental impact is related to the consumption and generation of waste of the following materials: absorbent and filtering materials, cleaning cloths and protective clothing contaminated by hazardous substances such as vehicle oils, toner consumption, fluorescent lights, paper, operational plastics and fuel consumption and greenhouse gas emissions of the armoured vehicle fleet and the consumption of energy in the operational bases of cash management machines.

As of 31 December 2017, the direct and indirect CO₂ emissions of the Group's businesses in the nine most important countries where it operates were:

	Emissions CO ₂ Direct	Emissions CO ₂ indirect
Security	27,796.70 T	2,456.30 T
Cash	43,368.65 T	11,908.89 T
Alarms	8,473.88 T	714.55 T

At the country level, the consumption and generation of waste associated with the company's business activity are monitored. Each country sets annual actions and targets to minimise this impact. The Global Management also promoted the following actions in the last year:

- 3P Policy for the management of the armoured fleet, including the assessment of consumption efficiency and the programmes for the acquisition and withdrawal of vehicles from the armoured fleet. This policy promotes corporate development of tools for the control of fuel consumption.
- Continuity of awareness campaigns to reduce water consumption in headquarters and bases.
- Continuity of energy efficiency programmes in operational bases, promoting the installation of efficient lighting devices (LEDs), as well as through the dissemination of environmental awareness campaigns.
- Digitalisation program, in which supplier contracts can be digitised, resulting in a reduction of paper consumption.

- e) Centralisation in each country of the hiring of approved waste managers to ensure compliance with legal requirements.

As of 31 December 2017, Prosegur has no environment-related contingencies, legal claims or income and expenses relating to these items. There have been significant reductions in electricity consumption at headquarters and bases due to the energy efficiency programmes, as well as a reduction in paper consumption.

3.2 Social and occupational issues

KPI's	Results
Average headcount	168,461
Workforce at year-end	170,350
Disabled operating staff in Spain (>33%)	312
Total disabled staff	978
Percentage of women in the workforce	15.8% (annual average)
Training hours	1,608,752 hours
Union membership	19%
Collective bargaining agreement coverage	81%

Taking into account the growth strategy implemented globally in recent years, Prosegur generates employment in the markets where it is present.

The Prosegur workforce closed 2017 with 170,350 employees (2016: 168,120 persons), or an increase of 1.3%.

Over the last five years the average workforce has grown as follows:

Workforce	2013	2014	2015	2016	2017
Direct	145,364	146,954	150,549	157,693	159,275
Indirect	9,150	8,184	8,659	9,440	9,186
Total Prosegur	154,514	155,138	159,208	167,133	168,461

The growth of the workforce relative to invoicing over the past five years was as follows:

Workforce per million invoiced	2013	2014	2015	2016	2017
Direct	39.3	38.9	38.0	40.4	37.1
Indirect	2.5	2.2	2.2	2.4	2.1

The percentage of women is gradually increasing and has now reached 15.8% of the total workers in 2017 – the same percentage as in 2016.

Selection

Historically, one of the main characteristics of Prosegur that has allowed it to establish itself as one of the main security services groups worldwide has been its selection of personnel. For this reason, Prosegur guarantees its workforce that it will fulfil all employment and social security obligations.

In a field as sensitive as security, trust and responsibility are qualities that must characterise the people who deliver services at our customers' facilities; thus, we must guarantee not only the effectiveness of Prosegur personnel but also their honesty, responsibility, emotional balance, and psychological maturity.

Therefore, a constant priority for Human Resources Management is the continuous improvement of the selection processes that make it possible to identify the suitability of a person for a position with Prosegur.

Training

Prosegur, as a benchmark in the field of security, and due to the importance of its role, offers quality work, where the qualification and the degree of specialisation of its professionals is one of the main aspects that sets it apart. Altogether, we gave 1.6 million hours of training in 2017, which is an average of 9 training hours per employee. About 90 percent of the hours correspond to the training of operational positions in areas such as the Code of Ethics and Conduct, the prevention of occupational risks, armed training and the professional security career.

Through its online platform, the Prosegur Corporate University, Prosegur offers a virtual space in which professionals share knowledge, experience the values of the company, develop their talents and specialise through a common culture. Prosegur also offers a differential and homogeneous catalogue of courses on this online platform as part of the plans for the professional development of employees.

During 2017, the scope of Prosegur Corporate University was extended to four new countries, already being present in thirteen countries in which the company operates. This year, new training content and functions have been included that allow the Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values characteristic of the company. During the past fiscal year, more than 46,000 employees accessed the campus and logged more than 250,000 hours of study, representing an increase of 41% compared to 2016.

In addition, two global training campaigns have been launched for indirect personnel through the Prosegur Corporate University, one in the Code of Ethics and Conduct and the other in information security, and both with participation level above 90% of the total workforce.

Occupational inclusion of people with intellectual disabilities

Prosegur promotes the labour market integration of people with an intellectual disability, offering them a more stable future through employment. In the most representative Prosegur offices, a Work Insertion Plan for People with Intellectual Disabilities was implemented, with new professionals from this group joining the teams of the various countries. The number of employees with disabilities in 2017 was 978. The target is to fully integrate employees with disabilities in the company.

Labour Relations

Prosegur manages labour relations locally, taking into account the particularities of each market and, above all, the legislation in force in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and the applicable laws in the countries in which it operates, the company respects the right to union freedom, association and the collective bargaining of its employees.

Free speech with unions is constant and essential. The company holds periodic meetings with all the legitimate representatives of the workers in the geographical areas in which it is present, listening to them, sharing information and seeking common goals. In fact, more than 19 percent of the workforce belong to unions, and the collective bargaining agreements that have been signed cover more than 81 percent of the total number of employees. These figures are higher than the average for the main companies in the sector.

In accordance with the provisions of Community Directive 2009/38/CE and Law 10/1997, Prosegur organised a European Enterprise Committee in 2014. This organisation promotes trans-national cooperation between the company and worker representatives, and promotes constructive dialogue in the European setting. This way, consultation is promoted and information is shared between companies and workers across national boundaries.

In 2017, Prosegur launched a new corporate Intranet at the global level. This platform is the first Human Resources tool that is 100% accessible from any device, and includes a mobile app that is available for the main mobile operating systems (Android and iOS). Currently, the Intranet is implemented in 12 countries, has been translated into five languages, and has received more than 7 million visits during the course of the year. The app has been downloaded 21,000 times and is now being used by more than 10% of the workforce.

Workplace Health and Safety

KPI's	Results
Employee health and safety training	159,907 training hours
Number of fatal accidents	Fatality rate of 0.41 per 10,000 employees
Accident incidence rate by business	Security: 2.35 Cash: 3.30 Alarms: 4.01

Prosegur works in compliance with industry standards regarding occupational risk prevention. It invests in specific training related to "risks by activity and job, emergency measures and inspections" and in the analysis of accidents that have occurred. The company wants to ensure that employees work in suitable environments and have the necessary resources to safely do their job.

- **Training:** One of the reasons why health and safety indicators have continued to improve in 2017 is the quality and effort invested in the training hours given to employees in this area. As a result, Prosegur has managed to raise awareness and improve the skills and abilities of employees to take on the risks they face in their daily work, in particular whilst driving vehicles.

During 2017, Prosegur provided a total of 159,907 hours of training in safety and health, which is 6.2 percent more than in 2016. Safety and health training programmes have focused mainly on training through the Prosegur Corporate University, the Workplace Hazard modules for operating personnel, and the specific modules in subjects such as personal defence and emergency situations.

- **Tracking** Prosegur has established internal and external communication protocols for occupational accidents to monitor and investigate accidents and for continuous improvement. In addition, it has established a work methodology that allows for specific evaluation of safety and health conditions at multiple levels (business, activity, Prosegur work centre or operating base, and workstation type). In addition, Prosegur also has workplace health and safety committee meetings where actions for the prevention of occupational risks are regularly and periodically reviewed.
- **Technological innovation:** Prosegur provides employees with the most advanced technologies available and a full commitment to innovative efforts to address the intrinsic risks of the jobs of its employees, and thus deter external threats, especially in risks involving attacks to our employees and armoured vehicles, or in our cash custody bases. The objective of the company is to achieve "zero accidents", despite the intrinsic difficulty of the business in which Prosegur operates. Thanks to the effort made in terms of health and safety, in 2017 the accident rate stood at 2.35 in Security, 3.30 in Cash and 4.01 in Alarms (number of occupational accidents per hours worked according to the parameters of the Occupational Safety and Health Administration). In addition, the company has managed to maintain a rate of 0.41 fatalities per 10,000 employees, below the figure for the previous year. This value is equivalent to that of the main companies in the security industry worldwide.

3.3 Anti-corruption and bribery issues

KPI's	Results
Percentage of indirect employees with training in the code of ethics	91%

Ethics and Compliance

Ethical behaviour and compliance with regulations are essential and especially critical aspects for various reasons intrinsic to the activity of Prosegur:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal assets are managed.
- They work not only to safeguard the integrity of clients, but to protect and aid society as a whole.

All members of the governing bodies, managers and staff of Prosegur have a commitment to ethical performance and strict regulatory compliance when doing their job. This commitment is brought together through common principles and standards, which also affect relationships with the group of stakeholders affected by their activity: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

Prosegur maintains a "zero tolerance" position for any breach or irregularity.

Prosegur applies the most stringent criteria to comply with the obligations set by law and actively works to set the highest standards of compliance in its sector. In this regard, accuracy in the definition of control mechanisms and prevention of irregular or illegal practices is essential, especially in areas with higher risk.

Corporate Compliance Programme

The Prosegur Corporate Compliance Programme envisages control measures designed to mitigate or eliminate the risk of breaching applicable laws and regulations when going about its business. It covers any legal aspect that may involve Prosegur, although it focuses primarily on the prevention of money laundering, data protection, the defence of competition, crime prevention and compliance with securities markets regulations.

The Compliance Programme has been approved by the Prosegur Board of Directors and is overseen by the Compliance Committee, which acts with full autonomy and independence and reports directly to the Audit Committee. This committee is made up of management representatives from the Legal, Finance, Human Resources, Risk Management, and Internal Audit departments, as well as Corporate Compliance Officer. The Company also has compliance officers in all the countries in which it operates. They are in charge of implementing the Compliance Programme in each of the countries for which they are responsible and for ensuring proper compliance with the regulations applicable in each geographical area; compliance with these regulations is also monitored by a local Compliance Committee. In countries that have particularly restrictive regulations in certain areas, the company implements specific regulatory compliance projects. To ensure the correct deployment of the programme in daily business, the Company delivers training courses to employees on the most relevant aspects, courses aimed at senior managers and members of the Board of Directors and specialist courses intended for compliance officers.

Code of Ethics and Conduct

The most recent version of the Prosegur Code of Ethics and Conduct was approved by the Board of Directors on 23 October 2013. In 2017, a training campaign for indirect staff was carried out on the Prosegur Corporate University online platform, which was completed by 91% of said indirect staff.

The Code sets the guidelines for the standards of behaviour and the good work of all Prosegur professionals when doing their job and in their relationships with third parties on aspects such as compliance with legality, respect for human rights and equality and respect amongst employees. The Code of Ethics and Conduct is a binding instrument, so it must be known and fulfilled by all workers and members of the governing bodies of Prosegur. Employees must also collaborate to facilitate its implementation, as well as communicate possible breaches of which they have knowledge through the Whistleblowing Channel.

In order to join with other international companies in support of ethics and integrity, Prosegur subscribes to the "Code of Conduct and Ethics" of the Ligue Internationale des Sociétés de Surveillance and recognizes the "Code of Conduct and Ethics for the private security sector" prepared by the Confederation of European Security Services (CoESS).

Whistleblowing channel

To detect irregular or illegal behaviour or behaviour contrary to the Code of Ethics and Conduct and act accordingly, the company has a Whistleblowing Channel that allows any interested party, belonging to the company or not, to communicate such behaviour safely and anonymously through a form available on the website www.prosegur.com. The Internal Audit Division confidentially manages any communications received and forwards them, as appropriate, depending on their type and severity, to the division responsible for their management, investigation and resolution.

In accordance with the conclusions resulting from the investigations carried out, the necessary measures are adopted at the Audit Committee meetings for cases that require action by the company.

3.4 Respect for Human Rights

KPI's	Results
Number of Human Rights training hours	65,418 hours in 2017 (13% of all employees)

Security is an essential value and a critical element of the well-being and development of societies. As such, security and respect for human rights are closely linked and must be in harmony with one another. As a benchmark company in the field of private security, Prosegur assumes the task of promoting respect for human rights as an essential element in the conducting of its activities.

The company endeavours to respect and enforce the rights listed in the Universal Declaration of Human Rights adopted by the UN General Assembly in its practices and procedures. This commitment is conceived as an additional responsibility to comply with the laws and regulations of the territories in which Prosegur is present, particularly in those in which the ability of the State to protect human rights is limited.

For several years, the company has been working with a view to adopting the principle of due diligence to define the internal control elements necessary to help manage this issue. These cross-cutting factors affirm that everything possible is done to encourage good practices and to prevent, detect and eradicate irregularities in the area of human rights.

Within the framework of Prosegur's management system, formal policies and procedures have been established in the field of human rights, determining the structure and mechanism for monitoring and reporting.

Prosegur has a robust risk management and control system, which considers factors related to respect for human rights. These include, amongst others, the violation of rights and freedoms of a personal nature and occupational rights. Through the system, critical risks are identified, evaluated and supervised through key risk indicators. Depending on the type of risk and its relevance, appropriate procedures are established to prevent, detect, avoid, mitigate, compensate or share the effects of a possible materialisation of the risks.

The company publicly promotes and trains its employees in matters of human rights. This subject is integrated into the various training courses taught by human resources and regulatory compliance. In addition, mandatory training plans for operating staff include sessions on critical issues such as the use of force, gender violence, cultural diversity and human rights in the company.

As of 31 December 2017, 65,418 hours of training had been given on Human Rights, reaching 13% of the total number of workers.

Through its whistle-blower channel, Prosegur allows employees and interested third parties to confidentially and anonymously communicate any irregularity of potential importance that might be observed in the company, including events related to possible violations of human rights.

3.5 Diversity on Governing Organisations

KPI's	Results
Percentage of women on the Board of Directors	25% of the board members are women
Percentage of independent directors	37.5% of the board members are independent directors
Percentage of independent directors on the Audit Committee	66.6% of the members of the Audit Committee are Independent Directors

As of 31 December 2017, the Prosegur Board of Directors comprises eight members (two of whom are women): one directors and seven non-directors, of which four are independent, two are proprietary, and one is external. The responsibilities of the Chairman and Chief Executive Officer are different and complementary. In this manner, Prosegur meets the requirements of the main international standards in matters of Corporate Governance that recommend the separation of roles. The most significant changes to the structure and makeup of the Board of Directors took place in April of 2017 with the naming of Mr Ángel Durández Adeva, who joined the Board as an independent director. On 20 June, Mr Pedro Guerrero Guerrero, an independent director, resigned voluntarily from his position on the Board of Directors.

4. Liquidity and capital resources

Prosegur continues to formalise strategic financing operations designed to optimise financial debt, control debt ratios and meet growth targets.

Prosegur calculates the net financial debt by considering the total of current and non-current external debt (excluding other non-banking debts) plus net derived financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 31.2).

As of 31 December 2017, net financial debt was EUR 251.8 million (2016: EUR 712.4 million).

4.1 Liquidity

Prosegur has a good level of liquidity reserves and a great capacity for financing that makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

As of 31 December 2017, Prosegur's cash reserves were EUR 1,922.1 million (2016: EUR 1,414.3 million). This figure is the sum of the following sections:

- The cash and cash equivalents balance amounts EUR 630.9 million (2016: EUR 824.6 million).
- Other current financial assets amounts to EUR 490.3 million
- The existing long-term credit availability of EUR 515.0 euros corresponded mainly to the syndicated loan in the form of a provision signed on 10 February 2017 (2016: EUR 350 million).
- Other unused lines of credit for EUR 285.9 million (2016: 239.7 million) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity figure accounts for 44.8% of consolidated annual sales (2016: 36.2%), which enables the company to ensure both short-term funding needs as well as growth strategy.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The set of maturities of Prosegur's debt is in line with the company's capacity for generating cash flows to repay it.

It is important to note that, although part of the cash position referred to for the close of the 2017 period is subject to certain regulatory conditions arising from Prosegur's geographical location, compliance with upcoming obligations does not depend on distributions or payments from subsidiaries that are subject to insurmountable legal or regulatory restrictions. During the annual budget planning process, a plan for the repatriation of dividends from subsidiaries is executed, maximising the tax efficiency of the consolidated Group.

The market value of the shares held by the parent company of Prosegur at 31 December 2017 amounts to 122.0 million euros (2016: EUR 111.0 million).

4.2 Capital resources

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

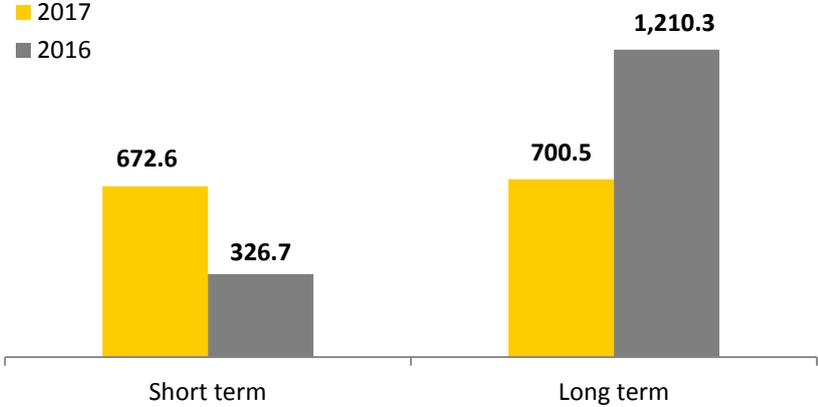
- a) On 2 April 2013 simple bonds were issued for a nominal amount of EUR 500 million, expiring in 2018. The bonds will accrue interest of 2.75% annually payable upon expired annuities and quoted on the Irish Stock Exchange. Market listing at 31 December 2017 is 0.40%.
- b) On 4 December 2017, Prosegur, acting through its subsidiary Prosegur Cash, S.A., issued uncovered bonds with a face value of EUR 600 million, maturing on 4 February 2026. The bonds are listed in the secondary market on the Irish Stock Exchange. They accrue a coupon of 1.38% per annum payable yearly on maturity.
- c) In 10 February, the syndicated financial transaction signed in 2014 and novated for one year in 2015 was cancelled and replaced by two new syndicated credit operations in credit mode, in the amounts of EUR 200 million and EUR 300 million, both with a term of 5 years, the latter having been contracted by the Prosegur Cash, a Prosegur subsidiary. As of 31 December 2017, no amount of either of the lines of credit had been disbursed.
- d) In December 2016, the group arranged a three-year syndicated financing facility for the sum of EUR 600 million. On 20 November 2017 and 20 December 2017, this syndicated operation was cancelled early for EUR 100 million and EUR 500 million, respectively, and therefore there is no outstanding amount as of 31 December 2017 (as of 31 December 2016: EUR 600 million).
- e) On 28 April 2017, Prosegur arranged a three-year syndicated financing facility through its subsidiary Prosegur Australia Investments Limited, for a sum of AUD 70.0 million. As of 31 December 2017, the capital utilised under the loan amounted to AUD 70.0 million (equivalent value as of 31 December 2017: EUR 45.6 million).

In consolidated terms, by the end of 2017 long-term gross financial debt maturing over one year is EUR 700.5 million (2016: EUR 1,210.3 million), due mainly to the new bond issued by the subsidiary Prosegur Cash, S.A.

Current gross financial debt totals EUR 672.6 million (2016: EUR 326.7 million) mainly attributable to the 2018 maturity of the corporate bond issued in 2013.

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

Group gross financial debt
(Millions of euros)

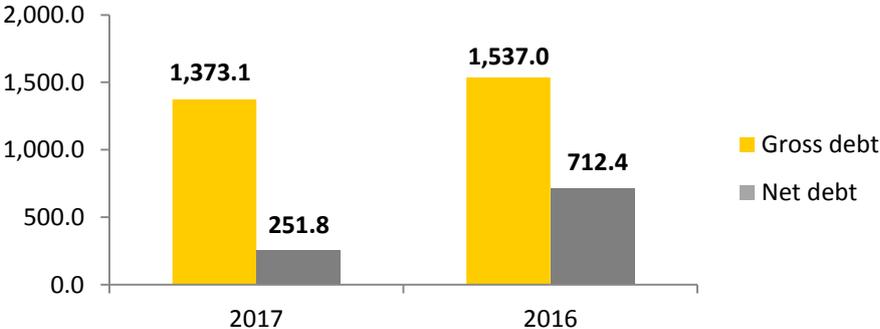


In 2017 financial debt had an average cost of 2.21% (2016: 2.72%). The decrease in the average cost of debt is due to the contracting of the syndicated loan in December 2016 in the amount of EUR 600 million, with an reduced interest rate.

Net financial debt was Euro 251.8 million at the end of the 2017 reporting period (2016: EUR 712.4 million) and has decreased as a result of the funds raised in the stock market flotation of subsidiary Prosegur Cash S.A. in march of 2017.

The following diagram shows a comparison of gross and net debt in 2016 and 2017:

Evolution of group financial debt
(Millions of euros)



No significant changes are expected in 2018 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources, compared to the financial year ending 31 December 2017.

The following table shows the maturities of the drawn debt as per contractual cash flows on 31 December 2017:

(millions of euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Debentures and other securities	515.2	33.0	633.0	1,181.2
Loans and borrowings	129.7	59.8	56.4	245.9
Credit accounts	34.9	0.0	0.0	34.9
Finance lease payables	10.1	14.4	0.2	24.7
Other payables	31.9	19.1	2.6	53.6
	721.8	126.3	692.2	1,540.3

In its current activity, Prosegur occasionally resorts to operations not entered in the statement of financial position, normally under the contractual formula of operational leasing and mainly with a view to use high value assets such as buildings and vehicles. Payment commitments for future leases amount to EUR 128.3 million (2016: EUR 98.4 million) which mainly correspond to the contract for the office building in Madrid, operating bases located in Brazil, other buildings representing the business, and operational vehicles (Note 28).

Prosegur calculates the leverage ratio as the quotient of the net financial debt over total capital, with the latter defined as the sum of the net financial debt and the net assets. On 31 December 2017, the ratio was 0.18 (2016: 0.49).

The ratio of net financial debt to own resources on 31 December 2017 was 0.22 (2016: 0.95).

The ratio of net financial debt to EBITDA was 0.49 in 2017 (2016: 1.59). If the market value of treasury stock at the close of the year is considered as adjustment to the financial debt and debts to third parties resulting from company acquisitions are taken into account, the coefficient over EBITDA is 0.34 (2016: 1.37).

4.3 Analysis of contractual obligations and off balance sheet operations

Note 28 of the consolidated annual accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

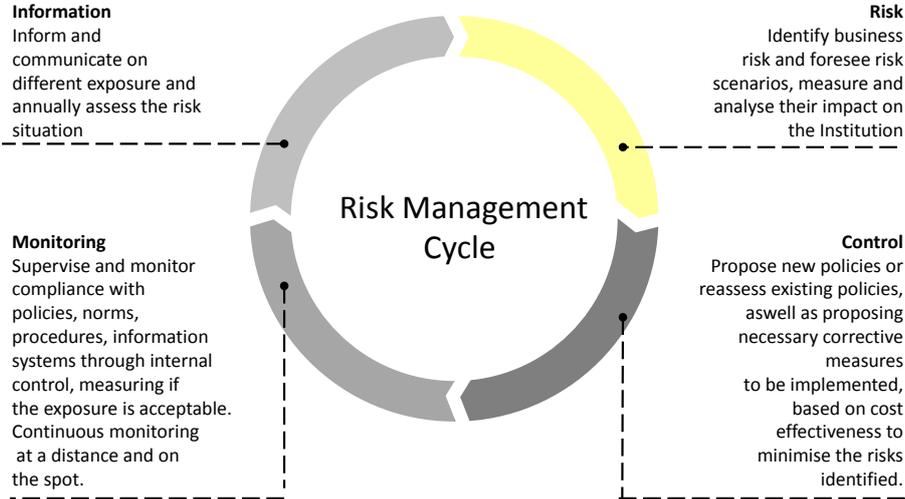
Additionally, as indicated in Note 27 of the consolidated annual accounts, Prosegur issues third party guarantees of a commercial and financial nature. The total amount of guarantees issued on 31 December 2017 is EUR 518.0 million (2016: EUR 362.4 million).

5. Main risks and uncertainties

Prosegur's Risk Management System is mainly based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) system, complemented with standards applied by the main clients of the financial sector, such as the Basel III and ISO 31000 standards. Final responsibility in risk management lies with the Board of Directors. The Audit Committee has, amongst its basic responsibilities, that of supervising the effectiveness of internal control and risk management systems, checking their appropriateness and completeness, and reviewing the appointment and substitution their managers.

5.1 Operational risk

The risk management cycle at Prosegur is the following:



Regulatory risk

Prosegur conducts its activity in a highly regulated environment and is required to comply with diverse rules in countries in which it operates that encompass everything from the authorisations or entitlements to be able to provide security services, compliance to multiple obligations in the execution of its operations and informing on the diverse areas of its activities.

Amongst other regulations Prosegur is required to fulfil laws that regulate the private security activity, labour relations and social security, the prevention of occupational hazards, firearms regulations, money laundering prevention, data protection, fair competition, and the stock market.

Prosegur devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Local Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the group operates and that are adapted to the requirements of the applicable regulations in each case.

Likewise, the Corporate Regulatory Compliance Division carries out an essential role in complying with all regulations affecting Prosegur. With respect to regulation affecting the prevention of money laundering, it relies internally on a money laundering prevention unit (Spanish acronym UPBC) in Spain. This unit is dedicated to the implementation of measures to control and monitor activities in order to prevent facilities for the transportation of valuables to be used for money laundering purposes.

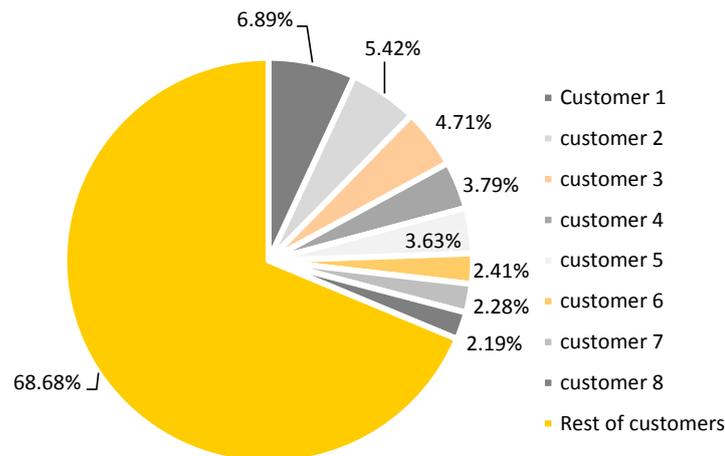
Operational risk

Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

It is worth mentioning the monitoring task carried out by the Corporate Security Division over control and monitoring processes for the traceability of operations carried out in transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or discrepancies in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of losses.

Client concentration

Prosegur is not significantly exposed to clients. Note 31.1 of the Consolidated Financial Statements shows tables of representativeness of the main clients over the overall turnover of Prosegur, as shown in the following pie chart:



5.2 Financial risk

Interest rates risk

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

Prosegur analyses its interest rate risk exposure dynamically. In 2017, the majority of Prosegur's financial liabilities at variable interest rates were denominated in euros.

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

Currency risk

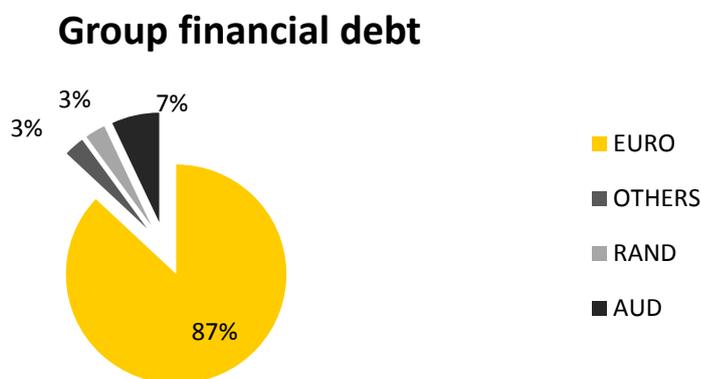
Natural hedging as conducted by Prosegur is based on capital expenditure required in the industry, which varies by business area, being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

During the 2017 financial year, Prosegur has maintained a natural hedging policy, holding debts in the currencies of the main countries where Prosegur operates in order to minimise exposure to currency risk in countries such as Brazil.

Although Prosegur operates in a large number of countries, its financial debt is concentrated mainly in three currencies: Euro, South African Rand and Australian Dollar. Debt is 87% in Euros, 7% in Australian Dollars, 3% in Rand and 3% in the other currencies in which Prosegur operates.

Note 23 of the consolidated annual accounts reflects the amount of financial liabilities in the various currencies. Note 31.1 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

In graphical form, the financial debt structure of Prosegur distributed by currency at the close of 2017 is as follows:



Credit risk

The Credit and Collection Departments of each of the countries in which Prosegur operates carries out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 31.1 of the Consolidated Financial Statements shows tables of representativeness of the main clients over the overall turnover of Prosegur.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Management Department and updated credit limits and levels are periodically published.

6. Important circumstances after the reporting period

In January 2018, Invesco Limited reduced its shareholding to below 1% of Prosegur.

On 8 February 2018, uncovered bonds were issued for a nominal amount of EUR 700 million, maturing on 8 February 2023. The bonds are listed in the secondary market on the Irish Stock Exchange. They accrue a coupon of 1.00% per annum payable yearly on maturity.

7. Average payment period

The average payment period for the period ended December 31, 2017 has been 57 days (2016: 61 days).

8. Information on the foreseeable performance of the entity

Forecasts for 2018 are optimistic. Although significant improvements in the macroeconomic aspects of both regions are not expected, and there is some likelihood of major deterioration of the principal Iberoamerican currencies, the Argentine Peso and the Brazilian Real, it does seem that the positive stabilisation of most Iberoamerican economies and the sustainability, albeit weak, of economic improvements in Europe, may represent a year of lower volatility in the rate of change and maintenance or increase of the rate of growth of profitability.

Prosegur will continue strengthening its internal control procedures that ensure efficiency in its various businesses, the maintenance and control of the group's financial discipline and the reinforcement of corporate control policies designed to provide greater control of profitability by business line and greater focus by the countries on organic growth via new products with greater margin. This comprehensive level of internal control and optimisation allow internal improvements and growth in cash generation in 2018, continuing the path already begun in previous years.

On the other hand, during 2018 and the following years, Prosegur plans to bring about strong intensification in the Alarms business.

The idea is to provide this activity with a pure B2C ("*business to consumer*") approach, supporting this sales and marketing strategy with a powerful set of products designed to provide value added services to the client.

In the next few years, the business of home and small business alarms will be strongly boosted by way of additional investment, both in sales force and advertising, as well as service provision capacity, with a view to positioning Prosegur within the group of the largest world operators in this specific business, with the additional advantage brought by the other business lines which can complement and support the sale of alarms, transforming from a basic service into a highly specialised security solution for small business premises –including collection management– or an assistance service for families, geolocation services, advanced domotics and many other possibilities.

Within the countries in the Iberoamerican region, it is estimated that the currencies of the main countries still have a way to go in terms of depreciation in 2018, in line with what was seen in the second half of 2017. This negative impact already forecast will be compensated by the potential development of the region and capacity of Prosegur to gain customer loyalty by offering the best services.

The excellent results obtained in the past by the sales teams in the Iberoamerican region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturing process, allows us to remain optimistic for 2018.

Thanks to the experience gained in each one of these markets over the years, Prosegur has developed a business model that has proven to be successful in any economic environment, enabling margins to be maintained and even increased.

In this regard, the profitability of the Security business in the Iberoamerican region will continue with the upwards trend of 2017, benefitting from the recovery of Brazil, which is expected to show positive profitability during the year

For its part, the economic context of Europe presents a similar picture that of 2017, which will provide a gradual drive to the business and, above all, will continue to improve profitability.

Prosegur will continue to show its excellent capacity for adaptation to the situation and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services and integrated security solutions.

To this end, new remote security monitoring services will be added such as the new Cybersecurity Monitoring Centre which is already operational for clients in several countries, or the new process outsourcing back-office banking services.

Solid foundations have been laid to face the coming years that are expected to bring about a positive increase in margins and the achievement of reasonable growth rates.

Asia-Pacific, and potentially other geographic areas, may constitute the doorway to markets with high growth potential and diversification of risks and opportunities. Prosegur intends to take the utmost advantage to the strong growth prospects of this region for the private security industry. To this end it shall continue to focus on inorganic growth in the area, benefiting from the excellent platform it has built over previous years and the vast experience it has accumulated in corporate operations. It will seek new opportunities to introduce other business lines and also develop the alarms market.

With the excellent low cost current financing and the current low level of leverage of the company, Prosegur is in an ideal position to continue with its inorganic growth process without compromising the level and ratios which measure the level of debt.

By way of conclusion, Prosegur is facing interesting growth challenges in the coming years, which include meeting the expectations to maintain the trend of margin recovery in Europe and sustaining the profitability levels in Ibero-America despite the adverse macroeconomic environment.

The company has excellent supports for growth: the best platform worldwide for the transport of funds, with a dominant presence in emerging markets unequalled by any competitor, the combination of the most innovative integrated security solutions supported by a portfolio of clients of the highest quality in all countries and the optimal solvency and financial stability to confront these challenges. And, although the coming years will be more focused on profitability and inorganic growth, Prosegur will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company with the most advanced security solutions.

9. R&D&i activities

The important projects carried out in recent years have brought differentiation to the quality of the security services offered by Prosegur and reflect the company's commitment to innovation and service excellence.

The major projects carried out in recent years have brought differentiation to the quality of the services offered by Prosegur and reflect the company's commitment to innovation and service excellence. Amongst the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Security

Prosegur Security is now deeply involved in a transformation process with several areas of priority: processes, employees, services and products, and customers. In order to develop these, the company is turning to several forms of technological leverage, including the following: Cloud, IoT, Edge and Artificial Intelligence. This approach will allow the company to set up a digital ecosystem designed to optimize processes, promote decision making based on collective intelligence, transform services and, ultimately, to involve the customers.

Alarms

Prosegur Alarms is launching projects for the optimisation of its data organisation and to take full advantage of Big Data. In addition, it continues to strengthen the technological capabilities of the Smart platform from which customers are able to access increasingly greater functionality.

Regarding services, Prosegur Alarms has launched Hawkeye in Spain after the success achieved in Argentina and Uruguay. Hawkeye is an innovative security system that makes it possible to check what is happening in a property continuously and in real time, through the use of round-the-clock intelligent surveillance. Finally, the company is moving forward with home technology and automation projects whose aim is to improve elements of residential security. At the same time, it is continuing with the implementation of pioneering projects such as Prosegur Always With You, the first mobile remote assistance project ever launched in Spain by a security company.

Cash

Prosegur Cash has promoted the development of a computer platform that supports AVOS (Added Value Outsourcing Services) activity. This environment combines process control tools that make it possible to adapt to each client's needs, through the use of digital channels and document management tools. In addition, the company continues to promote the development of new cash automation solutions (MAEs) with a special emphasis on the shop front office. In addition, the company has improved and automated the control of its same day value solutions, so that cash entered into the machine is available in the retailer's account regardless of its collection.

10. Acquisition and disposal of own shares

As of 31 December 2017 the Company held 18,627,835 own shares (2016: 18,694,870 shares), representing 3.02% of the share capital (2016: 3.03%), and with a value of EUR 53.1 million (2016: EUR 53.3 million).

11. Alternative Performance Measures

In compliance with the ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the Company presents its results in accordance with generally accepted accounting principles (IFRS), the Management believes that certain Alternative Performance Measures provide useful additional financial information that should also be taken into account when appraising the company's performance. The Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the Company's performance. Prosegur provides those APMs deemed relevant and useful for users to make decisions and it is convinced that these help provide a true and fair view of its financial information.

APM	Definition and calculation	Purpose
Working capital	A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.	Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
CAPEX	Capex (<i>Capital Expenditure</i>) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasing quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company's operating pure results in comparison with the accrued revenue.
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

The reconciliation of the alternative performance measures is as follows:

Working Capital (Millions of Euro)	31.12.2017	31.12.2016
Non-Current Assets held-for-sale	51.0	64.7
Inventories	70.7	86.7
Trade and other receivables	941.6	943.2
Current tax assets	158.5	147.1
Cash and cash equivalents	630.9	824.6
Other current financial assets	490.3	0.0
Deferred tax assets	86.3	105.9
Trade and other payables	(850.7)	(785.7)
Current tax liabilities	(122.3)	(123.9)
Current financial liabilities	(701.0)	(358.4)
Other current liabilities	(44.1)	(40.6)
Deferred tax liabilities	(30.8)	(28.4)
Provisions	(214.1)	(243.0)
Total Working Capital	466.3	592.2
CAPEX (Millions of Euro)	31.12.2017	31.12.2016
Lands and buildings (excluding decommissioning costs)	7.3	11.2
Technical installations and machinery	16.3	9.7
Other installations and furniture	82.9	45.9
Armoured vehicles and other property, plant and equipment	52.4	19.0
Under construction and advances	27.8	65.5
Subtotal: Property, Plant and Equipment additions	186.7	151.3
Software additions	21.2	14.8
Total CAPEX	207.9	166.1
Adjusted EBIT Margin (Millions of Euro)	31.12.2017	31.12.2016
EBIT	388.9	332.9
plus: items not assigned	3.4	9.0
Adjusted EBIT	392.3	341.9
Revenues	4,290.7	3,902.3
Adjusted EBIT Margin	9.1%	8.8%
Organic Growth (Millions of Euro)	31.12.2017	31.12.2016
Revenues for current year	4,290.7	3,902.3
Less: Revenues for the previous year	3,902.3	3,959.4
Less: Inorganic Growth	15.9	16.2
Effect of exchange rate fluctuations	72.8	554.6
Total Organic Growth	445.3	481.3

Inorganic Growth (Millions of Euro)	31.12.2017	31.12.2016
Procesos Tecnicos de Seguridad y Valores	1.9	3.4
Toll+CSA	15.0	1.6
Others	(1.0)	11.2
Total Inorganic Growth	15.9	16.2
Effect of exchange rate fluctuations (Millions of Euro)	31.12.2017	31.12.2016
Revenues for current year	4,290.7	3,902.3
Less: Revenues for the current year at exchange rates of previous year	4,217.9	3,347.7
Effect of exchange rate fluctuations	72.8	554.6
Cash Flow Conversion Rate (Millions of Euro)	31.12.2017	31.12.2016
EBITDA	518.4	449.4
Less: items not assigned	3.4	9.0
Adjusted EBITDA	521.8	458.4
CAPEX	207.9	166.1
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	60%	64%
Net Financial Debt (Millions of Euro)	31.12.2017	31.12.2016
Financial liabilities	1,418.4	1,582.0
<i>Less: not assigned financial liabilities</i>	-	-
Adjusted financial liabilities (A)	1,418.4	1,582.0
Not assigned financial liabilities with group companies (B)	-	-
Cash and cash equivalents	(630.9)	(824.6)
<i>Less: not assigned cash and cash equivalents</i>	-	-
Less: adjusted cash and cash equivalents (C)	(630.9)	(824.6)
Less: not assigned current investments in group companies (D)	-	-
Less: other financial current assets (E)	(490.3)	-
Total Net Financial Debt (A+B+C+D+E)	297.2	757.4
Less: other non-bank payables (F)	(45.4)	(45.0)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) (A+B+C+D+E+F)	251.8	712.4
EBITA (Millions of Euro)	31.12.2017	31.12.2016
Consolidated profit for the year	150.3	134.1
Minority interests	48.0	-
Income tax expenses	145.6	140.1
Net finance costs	45.0	58.7
Amortizations	25.4	24.7
EBITA	414.3	357.6
EBITDA (Millions of Euro)	31.12.2017	31.12.2016
Consolidated profit for the year	150.3	134.1
Minority interests	48.0	-
Income tax expenses	145.6	140.1
Net finance costs	45.0	58.7
Depreciation and amortization	129.5	116.5
EBITDA	518.4	449.4

12. Other significant information

12.1 Stock market information

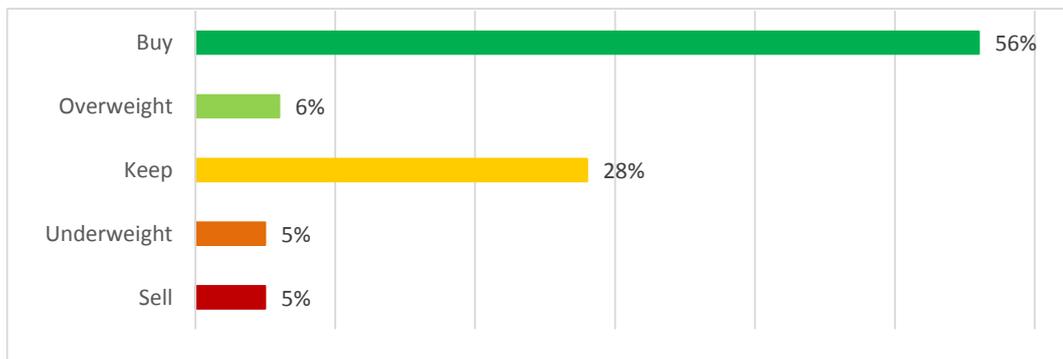
Prosegur focuses its efforts in the creation of value for its shareholders. Improvement in results and transparency, as well as rigour and credibility, underpin the Company's actions.

The Prosegur shareholder and investor relations policy aims to establish a communication that is direct, personal and stable over time. The company has a close relationship with its shareholders, private and institutional investors and with major stock analysts, to whom it provides detailed information on a continuous basis.

In order to fulfil this transparency commitment, Prosegur uses multiple communication channels such as the Webcast held every quarter to report results or the creation of the Investors Newsletter, in addition to the publication of other information bulletins with specific content of interest to the investment community.

Analysts coverage

At the close of 2017, out of 19 analysts who cover Prosegur's shares, only 2 (10%) held a negative opinion and recommended selling, 6 held a neutral opinion, and 11 recommended purchase.



On 31 December 2017, Prosegur's price per share closed at EUR 6.55. During the year, the listed share price of the company has grown by 8.62%.

Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

As of 31 December 2017, 67.25% of the capital of the company was held by significant shareholders. The remaining 32.75% was floating capital.

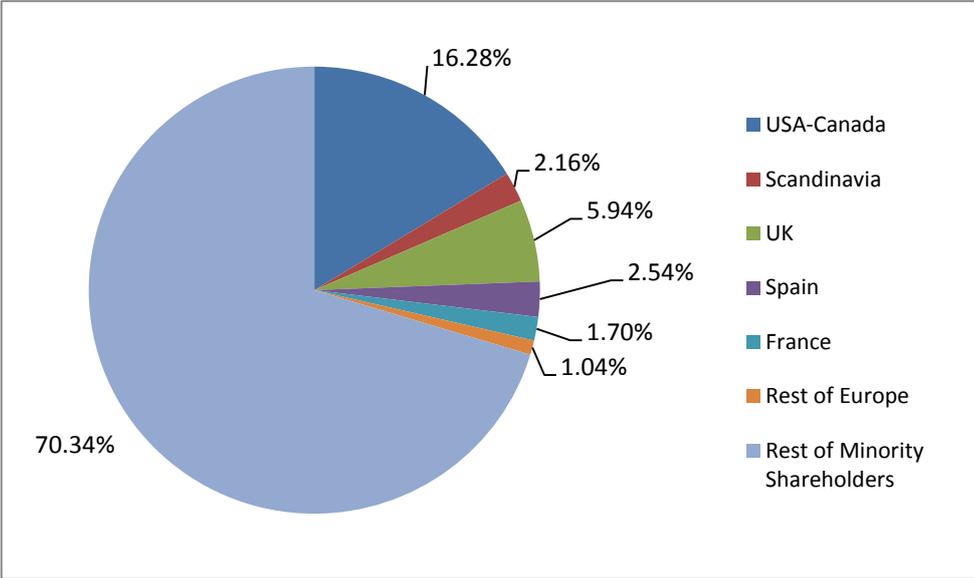
The strong presence of shareholders on the Board of Directors enables the management bodies to define strategic lines and make decisions in line with the interests of all of the shareholders. This solid and stable relevant shareholder base, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of floating capital

At the international level and given its growth potential, Prosegur has always been well accepted amongst investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its floating capital.

During 2017 there was a slight increase in shareholding in the United States, while the increase has been significantly greater in the United Kingdom and France. France has increased its shares by 83.1% This was the direct result of the growing activity in IR and marketing in these regions, which has been well received. Nevertheless, shares held in Scandinavia has decreased this year, though it should be pointed out that 2.16% of our share capital is

held in Sweden and Norway. The geographical distribution of our shareholders remains similarly distributed to prior years, with the United States holding the greatest number of shares.



12.2 Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2017 forms part of the Directors' Report and as of the date of publication of the financial statements is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes sections E, analysing control and risk management systems of the Company, and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2017

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2017, authorised for issue by the board of directors at the meeting held on 27 February 2018 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

Madrid, 27 February 2018

Mrs Helena Irene Revoredo Delvecchio
Chairman

Mr Isidro Fernández Barreiro
Vice-Chairman

Mr Christian Gut Revoredo
Chief Executive Officer

Mr Fernando D'Ornellas Silva
Director

Mrs Chantal Gut Revoredo
Director

Mr Ángel Durández Adeva
Director

Mr Fernando Vives Ruíz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the Directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil this responsibility mainly by establishing and maintaining accounting systems and other regulations, with adequate support by internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and policies laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. In any case, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system on 31 December 2017. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed annually by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino
Chief Financial Officer