

## **PROSEGUR CASH, S.A. AND SUBSIDIARIES**

### **Condensed consolidated Interim financial statements for the six-month period ended 30 June 2018**

(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 – EXPENSES BY FUNCTION**

(In thousands of euros)	Note	For the six months ended 30	
		June	
		2018	2017
Revenues		883,219	964,156
Cost of sales	5, 6	(568,143)	(633,524)
<b>Gross profit</b>		<b>315,076</b>	<b>330,632</b>
Other income	7	668	88,834
Administration and selling expenses	5, 6	(155,343)	(158,896)
Other expenses	7	(1,290)	(4,477)
Income from investments accounted for using the equity method	12	(448)	672
<b>Operating profit/loss (EBIT)</b>		<b>158,663</b>	<b>256,765</b>
Finance income	8	20,384	14,829
Finance expenses	8	(11,128)	(10,823)
Net financial income / (Costs)		9,256	4,006
<b>Profit before tax</b>		<b>167,919</b>	<b>260,771</b>
Income tax	18	(55,591)	(66,343)
<b>Post-tax profit from continuing operations</b>		<b>112,328</b>	<b>194,428</b>
Gains / (losses) in the period from discontinued operations	11	(758)	-
<b>Consolidated profit for the year</b>		<b>111,570</b>	<b>194,428</b>
Attributable to:			
Owners of the Parent		111,570	194,427
Non-controlling interests		-	1
<b>Earnings per share from continuing operations attributable to the owners of the parent (euros per share)</b>			
- Basic	15.4	0.07	0.13
- Diluted	15.4	0.07	0.13

The Notes contained in pages 10 to 43 are an integral part of these condensed consolidated interim financial statements

**II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In thousands of euros)	For the six months ended 30 June	
	2018	2017
<b>Consolidated profit for the year</b>	<b>111,570</b>	<b>194,428</b>
<b>Items to be reclassified to income</b>		
Translation differences on the consolidation of financial statements of foreign businesses	(93,230)	(74,492)
	<b>(93,230)</b>	<b>(74,492)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>18,340</b>	<b>119,936</b>
Attributable to:		
- Owners of the parent	18,340	119,934
- Non-controlling interests	-	2
	<b>18,340</b>	<b>119,936</b>

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### III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of euros)

	Note	30 June 2018	31 December 2017
<b>ASSETS</b>			
Property, plant and equipment	10	274,084	279,261
Goodwill	10	318,322	318,744
Other intangible assets	10	147,788	159,234
Investments accounted for using the equity method	12	27,026	29,277
Non-current financial assets		6,455	5,709
Deferred tax assets		34,676	37,290
<b>Non-current assets</b>		<b>808,351</b>	<b>829,515</b>
Inventories	14	12,962	6,115
Trade and other receivables		352,518	383,645
Receivables from Prosegur Group	21	21,302	18,103
Current tax assets		66,980	106,017
Non-current assets held for sale	11	20,929	45,581
Cash and cash equivalents	13	259,496	317,777
<b>Current assets</b>		<b>734,187</b>	<b>877,238</b>
<b>Total assets</b>		<b>1,542,538</b>	<b>1,706,753</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	30,000	30,000
Own shares	15	(2,260)	(2,127)
Translation differences		(594,896)	(501,666)
Retained earnings and other reserves		847,945	737,571
<b>Equity attributable to holders of net equity instruments in the Parent</b>		<b>280,789</b>	<b>263,778</b>
Non-controlling interests		8	11
<b>Total net equity</b>		<b>280,797</b>	<b>263,789</b>
<b>LIABILITIES</b>			
Financial liabilities	17	685,375	696,924
Deferred tax liabilities		29,287	26,486
Provisions	16	114,777	127,273
<b>Non-current liabilities</b>		<b>829,439</b>	<b>850,683</b>
Trade and other payables		254,263	314,433
Current tax liabilities		39,830	104,999
Financial liabilities	17	54,097	77,530
Payables to Prosegur Group	21	43,332	48,372
Provisions	16	2,710	5,553
Liabilities directly related to non-current assets held for sale	11	20,863	26,795
Other current liabilities		17,207	14,599
<b>Current liabilities</b>		<b>432,302</b>	<b>592,281</b>
<b>Total liabilities</b>		<b>1,261,741</b>	<b>1,442,964</b>
<b>Total net equity and liabilities</b>		<b>1,542,538</b>	<b>1,706,753</b>

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

##### SIX-MONTH PERIOD ENDED 30 JUNE 2018

(In thousands of euros)

	Equity attributable to holders of net equity instruments in the Parent					Total	Non-controlling interests	Total equity
	Share capital (Note 15)	Issue premium (Note 15)	Own shares (Note 15)	Exchange differences	Retained earnings and other reserves			
<b>Balance on 1 January 2018</b>	<b>30,000</b>	-	<b>(2,127)</b>	<b>(501,666)</b>	<b>737,571</b>	<b>263,778</b>	<b>11</b>	<b>263,789</b>
Total comprehensive income for the period ended 30 June	-	-	-	(93,230)	111,570	18,340	-	<b>18,340</b>
Acquisition / sale of own shares	-	-	(133)	-	-	(133)	-	<b>(133)</b>
Transition adjustments	-	-	-	-	(1,196)	(1,196)	-	<b>(1,196)</b>
Other changes	-	-	-	-	-	-	(3)	<b>(3)</b>
<b>Balance as of 30 June 2018</b>	<b>30,000</b>	-	<b>(2,260)</b>	<b>(594,896)</b>	<b>847,945</b>	<b>280,789</b>	<b>8</b>	<b>280,797</b>

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**SIX-MONTH PERIOD ENDED 30 JUNE 2017**

(In thousands of euros)

	Equity attributable to holders of net equity instruments in the Parent						Non-controlling interests	Total equity
	Share capital (Note 15)	Issue premium (Note 15)	Own shares (Note 15)	Exchange differences	Retained earnings and other reserves	Total		
<b>Balance on 1 January 2017</b>	<b>30,000</b>	-	-	<b>(385,073)</b>	<b>540,535</b>	<b>185,462</b>	<b>11</b>	<b>185,473</b>
Total comprehensive income for the period ended 30 June 2017	-	-	-	(74,493)	194,427	119,934	2	<b>119,936</b>
Acquisition / sale of own shares	-	-	(2,464)	-	-	(2,464)	-	<b>(2,464)</b>
<b>Balance as of 30 June 2017</b>	<b>30,000</b>	-	<b>(2,464)</b>	<b>(459,566)</b>	<b>734,962</b>	<b>302,932</b>	<b>13</b>	<b>302,945</b>

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## V. CONSOLIDATED STATEMENTS OF CASH FLOW

	Note	For the six months ended 30	
		June	
		2018	2017
(In thousands of euros)			
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		111,570	194,428
Adjustments for:			
Amortisation and depreciation	5, 10	33,286	33,175
Impairment of trade receivables and inventories	7, 14	1,261	826
Investments accounted for using the equity method		448	(672)
Changes in provisions	16	6,450	27,575
Gains / (losses) on sale of shares and intangible assets	7	-	(84,958)
Finance income	8	(18,731)	(32,342)
Finance expenses	8	9,097	14,044
Gains / (losses) on derecognition and sale of PP&E and investment properties	7	-	(2,011)
Income tax	18	54,077	64,219
<b>Changes in working capital, excluding the effect of acquisitions and exchange differences</b>			
Inventories		(9,800)	93
Trade and other receivables		28,649	(33,213)
Trade and other payables		(32,000)	(7,683)
Payments of provisions	16	(11,740)	(7,367)
Other liabilities		(4,496)	40,937
<b>Cash flows from operations</b>			
Interest paid		(7,637)	(9,257)
Corporate income tax expense		(73,003)	(94,213)
<b>Net cash flows from/(used in) operating activities</b>		<b>87,431</b>	<b>103,581</b>
<b>Cash flows from investment activities</b>			
Proceeds from sale of intangible assets	7	-	36,039
Proceeds from sale of non-current assets held for sale	11	18,330	70,300
Proceeds of shares held for sale	7	-	48,919
Interest received		1,668	115
Acquisition of subsidiaries, net of cash and cash equivalents	20	(14,108)	(15,496)
Payments for the acquisition of property, plant and equipment	10	(42,648)	(48,881)
Payments for the acquisition of intangible assets	10	(3,415)	(1,432)
Acquisition of joint ventures, net of cash and cash equivalents	12	-	-
<b>Net cash flows from/(used in) investment activities</b>		<b>(40,173)</b>	<b>89,564</b>
<b>Cash flows from financing activities</b>			
Payments generated from the issue of own shares and own equity instruments	15	(133)	(2,464)
Proceeds from loan and borrowings		2,411	47,871
Repayment of bank borrowings	17	(42,649)	(26,857)
Repayment of borrowings from group companies		-	(110,646)
Proceeds from borrowings from group companies		3,037	-
Proceeds from other financial liabilities		-	(9,443)
Dividends paid	15	(45,203)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(82,537)</b>	<b>(101,539)</b>
Net increase / (decrease) in cash and cash equivalents		(35,279)	91,606
Cash and cash equivalents at start of the period		317,876	211,603
Effect of translation differences		(23,101)	(4,257)
<b>Cash and cash equivalents at end of the period</b>		<b>259,496</b>	<b>298,952</b>

The Notes contained in pages 10 to 43 are an integral part of these condensed consolidated interim financial statements

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

### **1. General information about the Company**

Prosegur Cash is a business group comprising Prosegur Cash, S.A. (henceforth the Company) and its subsidiaries (together Prosegur Cash). It provides logistics services for high value items, cash processing and other added value services in the following countries: Spain, Portugal, France, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Nicaragua, Honduras, El Salvador, Guatemala, Costa Rica, India, South Africa and Australia.

Prosegur Cash operates in the following geographical areas:

- Europe
- Iberoamerica
- Asia-Oceania and Africa (AOA)

The services provided by Prosegur Cash are classified under the following business lines:

- National and international transportation and custody of valuable goods
- Cash Management
- New products

The Company was incorporated in Madrid on 22 February 2016 and is recorded in the Madrid Mercantile Registry. Its registered office is at calle Santa Sabina 8, Madrid.

The shares of Prosegur Cash, S.A. were listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges on 17 March 2017 and are traded on the Spanish stock market's electronic system (SIBE). The listing's greenshoe option closed on 7 April 2017, bringing the floating capital up to 27.5% of the total share capital of capital Prosegur Cash S.A.

Prosegur Cash, S.A. is a subsidiary controlled by the Spanish company Prosegur Compañía de Seguridad, S.A. (henceforth Prosegur or the Prosegur Group) as the current holder of 51% of its share capital indirectly controlling a further 21.5% through its wholly-owned subsidiary, Prosegur Assets Management, S.L.U. The Prosegur Group therefore includes the Prosegur Cash Group in its consolidated financial statements.

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

The corporate purpose of Prosegur Cash is to provide the following services through companies engaged in the Cash business: (i) transport and processing services within Spain and internationally (by land, sea and air)

for cash and other high-value objects (including jewellery, works of art, precious metals, electronic devices, voting cards, court evidence), including pick-up, transport, safeguarding and depositing; (ii) cash processing and automation (including counting, processing and packaging, currency recycling, cash flow control and cash tracking systems); (iii) integrated ATM solutions (including planning, loading, monitoring, first- and second-level maintenance and cash tallying); (iv) planning and forecasting cash requirements for financial institutions; (v) self-service cash machines (including cash automation machines, coin and banknote recycling and dispensing services and bill payment services); and (vi) added-value outsourced services (AVOS) for banks (including outsourcing services for teller staff, multi-agency services, cheque processing and related administrative services).

The individual and consolidated annual accounts of Prosegur Cash, S.A. for the year ended 31 December 2017 were approved by the General Shareholders Meeting held on 28 May 2018.

### **Structure of the Prosegur Group**

Prosegur Cash, S.A. is the Parent of Group of subsidiaries listed in Annex I of the Notes to the consolidated annual accounts at 31 December 2017. Prosegur Cash also holds joint ventures (Note 14 and Annex II of the Notes to the consolidated annual accounts at 31 December 2017).

The accounting principles applied in the preparation of Prosegur's consolidated annual accounts and in determining the scope of consolidation are detailed in Notes 32.2 and 2, respectively, of the consolidated annual accounts at 31 December 2017, apart from the first-time application of IFRS 9.

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

These condensed consolidated interim financial statements of Prosegur Cash for the six-month period ended 30 June 2018 have been prepared in accordance with IAS 34 on interim financial reporting.

In compliance with IAS 34, interim financial information is prepared purely for the purpose of providing an update on the most recent annual financial statements prepared by Prosegur Cash. Accordingly, it focuses on new activities, events and circumstances arising in the six month to 30 June 2018, and does not duplicate information previously reported in the consolidated annual accounts for the year ended 31 December 2017.

Therefore, and for a full understanding of these condensed consolidated interim financial statements, therefore, they must be read together with Prosegur Cash's consolidated annual accounts for the year ended 31 December 2017, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by current Regulations of the European Commission and other provisions of the applicable regulatory framework on financial disclosure (IFRS-EU).

## Main changes in accounting policies

These condensed consolidated interim financial statements for the six month period ended 30 June 2018 have been prepared applying IFRS 9 for the first time.

IFRS 9 establishes the criteria for the recognition and measurement of financial instruments and replaces IAS 39 Financial instruments: Recognition and measurement. The Prosegur Cash Group has opted not to restate the figures for previous financial periods.

The impact of the first-time application of this standard is based on a change in the methodology for calculating credit losses over the life of a financial asset. This impact has been recognised directly in equity.

The impairment loss for credit risk based on the expected loss has been EUR 1,196 thousand and has been registered under "Retained earnings and other reserves" as follows:

	<u>31/12/2017</u>	<u>IFRS 9 adjustment</u>	<u>01/01/2018</u>
Trade and other receivables	383.645	(1.776)	381.869
Deferred tax assets	-	580	-
<b>Effect on net equity</b>	<b>383.645</b>	<b>(1.196)</b>	<b>381.869</b>

The impact on the consolidated income statement for the six month period ended 30 June 2018 has been an expense of EUR 84 thousand, while the provision for the total expected loss recognised in the consolidated statement of financial position at 30 June 2018 has been EUR 1,860 thousand. There has not been material impact on the statement of cash flow for the six month period ended 30 June 2018.

The expected loss is calculated, for each individual company, from the average credit losses for each customer in recent years as percentage of accrued sales but for which no loss allowance has yet been made.

The original IAS 39 classified financial assets under four categories: (i) fair value through profit or loss, (ii) held to maturity, (iii) available for sale and (iv) loans and receivables. Under IFRS 9, the last three IAS 39 categories are eliminated and the criteria used to classify financial assets will be based on how the entity manages its financial instruments (its business model) and on the existence and nature of the assets' contractual cash flow. On this basis, the asset will be measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Apart from changes to nomenclature, the only impact of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 was an increase in the related impairment allowance in line with the aforementioned new requirements. The classification of financial liabilities under IFRS 9 remains similar to than under IAS 39. In general, liabilities are measured at amortised cost, apart from those which are held for trading, such as derivatives, which are measured at fair value through profit or loss. There is therefore no impact on this category of financial instrument.

Additionally, IFRS 15 establishes the criteria for recognising revenues from contracts with customers, came into force on 1 January 2018, replacing IAS 18 Revenues and IAS 11 Construction contracts, and interpretations thereof. The application of this standard has no effect on the condensed consolidated interim financial statements for the six month period ended 30 June 2018.

Apart from the first-time application of IFRS 9, Annex I and Annex II, the accounting policies applied to these condensed consolidated interim financial statements for the six month to 30 June 2018 are the same as those applied in the preparation of Prosegur Cash's consolidated annual accounts for the year to 31 December 2017 as detailed in Note 32 to said consolidated annual accounts.

### **Estimates, assumptions and relevant judgements**

The estimates used, made based on the best information available, are the same as those disclosed in Note 2.5 to the consolidated annual accounts for the year ended 31 December 2017. In the six-month period ended 30 June 2018 there were no significant changes to the estimates used at the end of the 2017 reporting period, apart from the new judgements, estimates and assumptions used in the application of IFRS 9.

The corporate income tax for the six-month period ended 30 June 2018 was calculated using the effective tax rate that is expected to apply to the income for the financial year.

### **Comparative information**

In these condensed consolidated interim financial statements, each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flow, the consolidated statement of changes in equity and the notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2018, is presented for the purposes of comparison with the corresponding figure for the same period last year, except for the consolidated statement of financial position which is presented with the consolidated figures for the year ended 31 December 2017.

## **3. Changes in the consolidated Group**

Annex I of the consolidated annual accounts for the year ended 31 December 2017 contains key details of the Group companies included in the scope of consolidation at that date.

The following companies have been incorporated in the first six months of 2018:

- In February 2018, the company Prosegur Colombia 1 SLU was incorporated in Spain.
- In February 2018, the company Prosegur Colombia 2 SLU was incorporated in Spain.
- In June 2018, the company Prosegur Servicios de Pago EP S.L.U. was incorporated in Spain.

#### 4. Events after the end of the 2017 reporting period

In addition to the disclosures in Note 3 on the changes in the composition of the Group, the most material transactions and events in the first half of 2018 are detailed below:

- On 1 March 2018 Prosegur Cash acquired 100% of the company Tellex, S.A. from the Prosegur Group in Argentina (Note 20). Its main activities are the sale and maintenance of ATMs. This operation involved a maximum investment by Prosegur Cash of EUR 13,069 thousand.
- On 8 June 2018 Prosegur Cash reached an agreement with the Grupo Almo to acquire 60% of its transport operations for high value items in Central America, with an additional commitment to acquire the remaining 40% over the next three years (Note 20).

#### 5. Cost of sales and administrative and sales expenses

The main items included under the cost of sales and administration and selling expenses headings in the consolidated income statement for the six-month period ended 30 June 2018 and 2017 are as follows:

		Thousands of euros	
		Period ended 30 June	
		2018	2017
Supplies		22,726	23,423
Employee benefit expenses	(Note 6)	409,276	458,532
Operating leases		5,768	11,403
Supplies and external services		56,226	55,534
Depreciation and amortisation		18,349	17,977
Other expenses		55,798	66,655
<b>Total costs of sales</b>		<b>568,143</b>	<b>633,524</b>

		Thousands of euros	
		Period ended 30 June	
		2018	2017
Supplies		649	703
Employee benefit expenses	(Note 6)	40,731	40,700
Operating leases		17,338	15,703
Supplies and external services		27,629	19,398
Depreciation and amortisation		14,937	15,198
Other expenses		54,059	67,194
<b>Total sale and administrative expenses</b>		<b>155,343</b>	<b>158,896</b>

Supplies costs in the six-month period ended 30 June 2018 amounted to EUR 23,375 thousand (EUR 24,126 thousand in 2017).

The items included under the supplies and outside services heading include vehicle and counting machine repair costs, operations subcontracted to third parties and consultancy fees paid to lawyers, auditors and other advisers.

Other expenses under the administration and sales heading mainly correspond to management support services and charges for the use of trademarks of EUR 30,450 thousand and 14,673 thousand, respectively.

## 6. Employee benefits

The detail of staff remuneration expenses in the six-month period ended 30 June 2018 and 2017 is as follows:

	<b>Thousands of euros</b>	
	<b>Period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
Salaries and wages	336,566	365,534
Social security contributions	79,379	87,632
Other employee welfare expenses	23,515	26,234
Severance pay	10,547	19,832
<b>Total employee benefits</b>	<b>450,007</b>	<b>499,232</b>

The expense corresponding to the commitment accrued in respect of the Long-Term Incentive benefit linked to the 2017 and 2020 Bonus Plans for the CEO and senior management of Prosegur Cash is recognized under wages and salaries (Note 16).

The amount recorded under the severance payments heading includes a provision for labour-related risks. This provision has been reduced during 2018 due to legislative changes in Brazil (Note 16).

## 7. Other income and expenses

The detail of other income in the six-month period ended 30 June 2018 and 2017 is as follows:

	<b>Thousands of euros</b>	
	<b>Period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
Gains on sale of property, plant and equipment/investment properties	-	2,311
Gains on the sale of intangible assets	-	36,039
Gains on the sale of shares	-	48,919
Income from leases of investment property	-	1,249
Other revenues	668	316
<b>Total other income</b>	<b>668</b>	<b>88,834</b>

Other income in the six-month period ended 30 June 2017 correspond mainly to net gains of EUR 2,311 thousand on the sale of investment properties in Argentina, which were reclassified as non-current assets held for sale in January 2016 (Note 11), and net gains of EUR 1,249 thousand on the lease of said assets up to the sale thereof, a gain of EUR 48,919 thousand recognised on the sale of Prosegur Cash's 100% holding in the Spanish company Ridur 2016, S.A. in March 2017, and a gain of EUR 36,039 thousand on the sale to the Prosegur Group of some Prosegur trademarks owned by Juncadella Prosegur Internacional, S.A.

The detail of other expenses in the six-month period ended 30 June 2018 and 2017 is as follows:

		<b>Thousands of euros</b>	
		<b>Period ended 30 June</b>	
		<b>2018</b>	<b>2017</b>
Impairment losses on receivables		(1,095)	(777)
Losses on sale of investment properties	(Note 11)	-	(300)
Other expenses		(195)	(3,400)
<b>Total other expenses</b>		<b>(1,290)</b>	<b>(4,477)</b>

## 8. Net financial expense

The detail of the net financial expenses in the six-month period ended 30 June 2018 and 2017 is as follows:

		<b>Thousands of euros</b>	
		<b>Period ended 30 June</b>	
		<b>2018</b>	<b>2017</b>
Interest expense		(7,454)	(5,667)
Interest income		2,206	1,102
Net (losses) / gains on foreign-denominated transactions		18,178	14,746
Finance expenses on leasing operations		(557)	(947)
Other net finance expenses and income		(3,117)	(5,228)
<b>Total net financial expense</b>		<b>9,256</b>	<b>4,006</b>



## 9. Segment reporting

The Board of Directors is Prosecur Cash's highest decision-making body. Together with the Audit Committee it reviews the Group's internal financial information in order to assess its performance and allocate resources.

The Board of Directors assesses the business at Parent company level from two standpoints: geographical and by activity. Geographically, the business is broken down into three segments: Europe, Iberoamerica, and Asia-Oceania and Africa (AOA), which in turn are broken down by activity segments identified as Transport, Cash Management and New Products.

The Board of Directors assesses the returns generated by each operating segment based on its EBIT, the indicator considered to best reflect the performance of the Group's activities.

The detail of operating revenues by segment in the six-month period ended 30 June 2018 and 2017 is as follows:

Thousands of euros	Europe		AOA		Iberoamerica		Total	
	at 30 June	At 30 June	at 30 June	At 30 June	at 30 June	At 30 June	at 30 June	At 30 June
	2018	2017	2018	2017	2018	2017	2018	2017
Transport	129,737	127,741	22,882	27,806	408,145	479,301	560,764	634,848
% of total	55%	57%	58%	53%	67%	70%	63%	66%
Cash management	72,077	73,599	12,779	19,272	142,536	157,445	227,392	250,316
% of total	31%	33%	33%	37%	23%	23%	26%	26%
New products	34,385	24,661	3,542	5,447	57,136	48,884	95,063	78,992
% of total	14%	10%	9%	10%	10%	7%	11%	8%
<b>Total sales</b>	<b>236,199</b>	<b>226,001</b>	<b>39,203</b>	<b>52,525</b>	<b>607,817</b>	<b>685,630</b>	<b>883,219</b>	<b>964,156</b>

The income of transport, cash management and new products are recognized over the period in which they are provided.

The detail of EBIT and profit after tax from continuing operations by segment is as follows:

Thousands of euros	Europe		AOA		Iberoamerica		Not allocated		Total	
	at 30 June	At 30 June	at 30 June	At 30 June	at 30 June	At 30 June	at 30 June	At 30 June	at 30 June	At 30 June
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales to third-party customers	236,199	226,001	39,203	52,525	607,817	685,630	-	-	883,219	964,156
Other net expenses	(212,945)	(203,848)	(39,848)	(48,347)	(438,029)	(507,511)	-	84,818	(690,822)	(674,888)
Losses on investments accounted for using the equity method	-	-	(448)	672	-	-	-	-	(448)	672
<b>EBITDA</b>	<b>23,254</b>	<b>22,153</b>	<b>(1,093)</b>	<b>4,850</b>	<b>169,788</b>	<b>178,119</b>	<b>-</b>	<b>84,818</b>	<b>191,949</b>	<b>289,940</b>
Amortisation and depreciation	(7,432)	(7,333)	(3,658)	(3,765)	(22,196)	(22,077)	-	-	(33,286)	(33,175)
<b>EBIT</b>	<b>15,822</b>	<b>14,820</b>	<b>(4,751)</b>	<b>1,085</b>	<b>147,592</b>	<b>156,042</b>	<b>-</b>	<b>84,818</b>	<b>158,663</b>	<b>256,765</b>
Finance profit / (loss)	(5,232)	(3,828)	(1,069)	(1,294)	15,557	9,128	-	-	9,256	4,006
Income tax	(7,814)	(1,816)	1,403	(168)	(49,180)	(55,359)	-	(9,000)	(55,591)	(66,343)
<b>Profit after tax from continuing operations</b>	<b>2,776</b>	<b>9,176</b>	<b>(4,417)</b>	<b>(377)</b>	<b>113,969</b>	<b>109,812</b>	<b>-</b>	<b>75,818</b>	<b>112,328</b>	<b>194,428</b>

The not allocated items in 2017 were related to revenues and expenses associated with investment properties and revenues from the sale of a trademark (Note 7).

The detail of assets allocated by segment and the reconciliation thereof to total assets at 30 June 2018 and 31 December 2017 is as follows:

	Europe		AOA		Iberoamerica		Total	
	at 30 June 2018	at 31 December 2017	at 30 June 2018	at 31 December 2017	at 30 June 2018	at 31 December 2017	at 30 June 2018	at 31 December 2017
Thousands of euros								
<b>Non-current assets allocated to segments</b>	157,719	153,964	103,126	109,317	541,051	559,981	801,896	823,262
<b>Current assets allocated to segments</b>	129,355	(4,929)	(9,937)	(27,337)	334,344	541,013	453,762	508,747
	<b>287,074</b>	<b>149,035</b>	<b>93,189</b>	<b>81,981</b>	<b>875,395</b>	<b>1,100,993</b>	<b>1,255,658</b>	<b>1,332,009</b>

The total assets allocated to segments at 30 June 2018 excluded assets associated with the Security business in Brazil and Central America (Note 11) as well as cash and cash equivalents and other non-current financial assets.

The total assets allocated to segments at 31 December 2017 excluded assets associated with the Security business in Brazil, which were classified as available for sale, as well as cash and cash equivalents and other non-current financial assets.

The detail of liabilities allocated by segments and the reconciliation thereof to total liabilities at 30 June 2018 and 31 December 2017 is as follows:

	Europe		AOA		Iberoamerica		Total	
	at 30 June 2018	at 31 December 2017	at 30 June 2018	at 31 December 2017	at 30 June 2018	at 31 December 2017	at 30 June 2018	at 31 December 2017
Thousands of euros								
<b>Liabilities allocated to segments</b>	175,204	193,778	49,208	76,112	315,397	399,488	539,809	669,378
	<b>175,204</b>	<b>193,778</b>	<b>49,208</b>	<b>76,112</b>	<b>315,397</b>	<b>399,488</b>	<b>539,809</b>	<b>669,378</b>

The total liabilities allocated to segments at 30 June 2018 excluded liabilities associated with the Security business in Brazil and Central America (Note 11), which were classified as available for sale, as well as financial liabilities.

The total liabilities allocated to segments at 31 December 2017 excluded liabilities associated with the Security business in Brazil, which were classified as available for sale, as well as financial liabilities.

The statement of cash flow for the Cash business only is presented below.

	Note	For the six months ended 30	
		June	
		2018	2017
<b>Cash flows from operating activities</b>			
<b>Profit/(loss) for the period</b>		<b>112,328</b>	<b>194,428</b>
<i>Adjustments for:</i>			
Amortisation and depreciation	5, 10	33,286	33,175
Impairment of trade receivables and inventories	7, 14	1,261	826
Investments accounted for using the equity method		448	(672)
Changes in provisions	16	5,195	27,575
Gains / (losses) on sale of shares and intangible assets	7	-	(84,958)
Finance income	8	(18,731)	(32,342)
Finance expenses	8	9,475	14,044
Gains / (losses) on derecognition and sale of PP&E and investment properties	7	-	(2,011)
Income tax	18	55,591	64,219
<b>Changes in working capital, excluding the effect of acquisitions and exchange differences</b>			
Inventories		(9,847)	93
Trade and other receivables		20,497	(33,213)
Trade and other payables		(27,747)	(7,683)
Payments of provisions	16	(11,740)	(7,367)
Other liabilities		1,186	40,937
<b>Cash generated from operations</b>			
Interest paid		(8,015)	(9,257)
Corporate income tax expense		(73,003)	(94,213)
<b>Net cash flows from/(used in) operating activities</b>		<b>90,184</b>	<b>103,581</b>
<b>Cash flows from investment activities</b>			
Proceeds from sale of intangible assets	7	-	36,039
Proceeds from sale of non-current assets held for sale	11	18,330	70,300
Proceeds from sale of shares held for sale	7	-	48,919
Interest received		1,668	115
Acquisition of subsidiaries, net of cash and cash equivalents	20	(14,108)	(15,496)
Payments for the acquisition of property, plant and equipment	10	(42,555)	(48,881)
Payments for the acquisition of intangible assets	10	(3,415)	(1,432)
<b>Net cash flows from/(used in) investment activities</b>		<b>(40,080)</b>	<b>89,564</b>
<b>Cash flows from financing activities</b>			
Payments generated from the issue of own shares and own equity instruments	15	(133)	(2,464)
Proceeds from loans and borrowings		-	47,871
Repayment of bank borrowings	17	(42,649)	(26,857)
Repayment of borrowings from group companies		-	(110,646)
Proceeds from borrowings from group companies		3,037	-
Proceeds from other financial liabilities		-	(9,443)
Dividends paid	15	(45,203)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(84,948)</b>	<b>(101,539)</b>
Net increase / (decrease) in cash and cash equivalents		(34,844)	91,606
Cash and cash equivalents at start of the period		317,777	211,603
Effect of translation differences		(23,437)	(4,257)
<b>Cash and cash equivalents at end of the period</b>		<b>259,496</b>	<b>298,952</b>

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

### 10.1. Property, plant and equipment

The balance and movements under this heading in the six-month period ended 30 June 2018 and 2017 are broken down as follows:

	<b>Thousands of euros</b>	
	<b>30/06/2018</b>	<b>30/06/2017</b>
<b><u>Cost</u></b>		
<b>Opening balance</b>	<b>633,298</b>	<b>617,773</b>
Additions	42,150	48,115
Business combinations	4,522	6,138
Derecognition on disposal of assets or for other reasons	(6,486)	(11,640)
Translation differences	(48,098)	(39,369)
<b>Closing balance</b>	<b>625,386</b>	<b>621,017</b>
<b><u>Accumulated amortisation and depreciation</u></b>		
<b>Opening balance</b>	<b>(354,037)</b>	<b>(351,414)</b>
Derecognition on disposal of assets or for other reasons	4,376	3,037
Amortisation for the period	(24,082)	(23,474)
Translation differences	22,441	20,242
<b>Closing balance</b>	<b>(351,302)</b>	<b>(351,609)</b>
<b><u>Net assets</u></b>		
<b>Opening balance</b>	<b>279,261</b>	<b>266,359</b>
<b>Closing balance</b>	<b>274,084</b>	<b>269,408</b>

In the first half of 2018 Prosegur Cash invested EUR 42,150 thousand in property, plant and equipment (EUR 48,115 thousand to 30 June 2017). These investments correspond mainly to cash automation machines installed in customers' premises and to acquiring and adapting bases and armoured vehicles in Colombia, Brazil and Europe.

The Group had no assets to restrictions on title or ownership and none had been pledged as security for specific transactions at 30 June 2018.

## 10.2. Goodwill

The movements under this heading in the six-month period ended 30 June 2018 are broken down as follows:

	Thousands of euros
	<u>2018</u>
<b>Net carrying amount at 31 December 2017</b>	<b>318,744</b>
	7,113
Additions	1,150
Translation differences	(8,685)
<b>Net carrying amount at 30 June 2018</b>	<b><u>318,322</u></b>

Goodwill arising on the following business combinations was incorporated in the six-month period ended 30 June 2018:

	Country	% ownership	Thousands of euros
			<u>2018</u>
Grupo Almo Secure Transport operations <sup>(1)</sup>	Various (Central America)	100%	6,678
Tellex S.A. <sup>(1)</sup>	Argentina	100%	435
			<b><u>7,113</u></b>

(1) The calculations related to business combinations are provisional and subject to adjustment up to one year from the acquisition date.

Additions correspond to adjustments to the carrying amount of the following items of goodwill:

	Country	Thousands of euros
		<u>2018</u>
Grupo Contesta	(Spain)	1,150
		<b><u>1,150</u></b>

At 30 June 2018 there were no additional circumstances that could give rise to impairment losses on the goodwill recognised.

The movements under the goodwill heading in the six-month period ended 30 June 2017 were as follows:

	Thousands of euros
	<u>2017</u>
<b>Net carrying amount at 31 December 2016</b>	<b>317,351</b>
Additions to the scope of consolidation	13,391
Translation differences	(10,555)
<b>Net carrying amount at 30 June 2017</b>	<b><u>320,187</u></b>

Goodwill arising on two business combinations was incorporated in the six-month period ended 30 June 2017 (Note 20).

### 10.3. Other intangible assets

The balance and movements under this heading in the six-month period ended 30 June 2018 and 2017 are as follows:

	<b>Thousands of euros</b>	
	<b>30/06/2018</b>	<b>30/06/2017</b>
<b><u>Cost</u></b>		
<b>Opening balance</b>	291,875	306,090
Additions	3,415	1,432
Business combinations	6,784	-
Retirements	(3)	(101)
Translation differences	(22,670)	(20,529)
<b>Closing balance</b>	<b>279,401</b>	<b>286,892</b>
<b><u>Accumulated amortisation and depreciation</u></b>		
<b>Opening balance</b>	(132,641)	(132,234)
Retirements	-	53
Amortisation for the period	(9,204)	(9,701)
Translation differences	10,232	6,294
<b>Closing balance</b>	<b>(131,613)</b>	<b>(135,588)</b>
<b><u>Net assets</u></b>		
<b>Opening balance</b>	<b>159,234</b>	<b>173,856</b>
<b>Closing balance</b>	<b>147,788</b>	<b>151,304</b>

## 11. Disposal group held for sale and discontinued operation

### Net assets associated with the security business in Brazil

At 31 December 2016, Prosegur Cash operated the Cash and Security businesses in Brazil through a single local entity, Prosegur Brasil, S.A. Transportadora de Valores e Segurança (Henceforth, Prosegur Brasil).

On 31 December 2016 Prosegur Cash agreed to sell the Brazilian Security business to the Prosegur Group.

The sale of almost the entire Security business to the Prosegur Group was completed on 31 December 2017 (apart from 4 of its 27 regions) for a total of BRL 72,823 thousand (equivalent to EUR 18,331 thousand at the payment date). This sale was preceded by the spin-off of the two Prosegur Brazil businesses. The sale price in euros was fixed in the corresponding agreement on the basis of a report produced by an independent expert in December 2016.

The valuation was based on the company's discounted cash flow (fair value level 3). The measurement model used takes into account the present value of expected future cash flow discounted using a rate adjusted for

the company's business risk, including the rate of return required by the shareholders and creditors on the net debt after taxes. The expected flow are based on the cash flow and EBITDA forecasts contained in the budget approved by management. The main non-observable variables used relate to the Company's expected annual revenue growth, long-term growth in line with forecast long-term inflation in Brazil (4.5%), EBITDA which is expected to grow from -0.3% in 2016 to 2.6% in 2019, and the risk-adjusted discount rate (13.75% to 14.25%).

The assets and liabilities classified as held for sale at June 2018 are associated with the four regions mentioned above, the sale of which is expected to be finalised in the second half of 2018.

#### **Assets associated with the security business in Guatemala**

The Central American Grupo Almo was acquired on 8 June 2018 (Note 20). This included the acquisition of the security business of Sociedad Alarmas de Guatemala, which is expected to be sold in the second half of 2018 and is therefore classified as held for sale.

#### **Non-current assets held for sale and liabilities directly associated with such assets:**

At 30 June 2018 and 31 December 2017 the non-current assets held for sale and liabilities directly associated with such assets were recognised at their carrying amount and included the following:

	Thousands of euros	
	<u>30/06/2018</u>	<u>31/12/2017</u>
<b>Non-current assets held for sale</b>		
Property, plant and equipment	1,145	1,142
Goodwill	5,253	7,142
Other intangible assets	3,504	4,968
Deferred tax assets	2,987	400
Inventories	209	285
Receivables	6,073	13,214
Current financial assets	1,758	18,331
Cash and cash equivalents	-	99
	<u><b>20,929</b></u>	<u><b>45,581</b></u>
	Thousands of euros	
	<u>30/06/2018</u>	<u>31/12/2017</u>
<b>Liabilities directly related to non-current assets held for sale</b>		
Deferred tax liabilities	1,024	3,521
Non-current provisions	5,860	8,721
Current financial liabilities	5,337	3,267
Trade and other payables	8,643	11,117
Other current liabilities	-	169
	<u><b>20,863</b></u>	<u><b>26,795</b></u>

**Profit after tax from discontinued operations:**

	Thousands of euros	
	<b>30/06/2018</b>	<b>30/06/2017</b>
Revenues	50,803	171,867
Cost of sales	(50,984)	(169,602)
<b>Gross profit</b>	<b>(181)</b>	<b>2,265</b>
Other income	-	176
Administration and selling expenses	(614)	(19,072)
Other expenses	-	215
<b>Operating profit/losses (EBIT)</b>	<b>(795)</b>	<b>(16,416)</b>
Finance income	-	17,169
Finance expenses	(287)	(3,221)
Finance expenses and exchange differences	-	344
<b>Net financial expense</b>	<b>(287)</b>	<b>14,292</b>
<b>Profit before tax from discontinued operations</b>	<b>(1,082)</b>	<b>(2,124)</b>
Income tax	324	2,124
<b>Profit after tax from discontinued operations</b>	<b>(758)</b>	<b>-</b>
Attributable to:		
Shareholders of the Parent	(758)	-
Non-controlling interests	-	-

**Cash flow from / (used in) discontinued operations:**

	Thousands of euros	
	<b>30/06/2018</b>	<b>30/06/2017</b>
Net cash flows from/(used in) operating activities	(2,754)	(16,101)
Net cash flows from/(used in) investment activities	(93)	(766)
Net cash flows from/(used in) financing activities	1,215	(5,175)
<b>Net cash flows in the period</b>	<b>(1,632)</b>	<b>(22,042)</b>
Effect of translation differences	336	(274)
Effect of changes in the scope of consolidation	162	70,300
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,134)</b>	<b>47,984</b>

**12. Investments accounted for using the equity method****12.1 Joint arrangements**

There have been no changes in Prosegur Cash's joint arrangements relative to those detailed in Annex II of the consolidated annual accounts for the year ended 31 December 2017.

These companies are structured as separate vehicles and Prosegur Cash holds an interest in their net activities. Prosegur Cash therefore classifies these holdings as Joint Ventures.



The movements in the investments in joint ventures accounted for using the equity method in the six-month period ended 30 June 2018 and 2017 are as follows:

	Thousands of euros	
	<u>30/06/2018</u>	<u>30/06/2017</u>
<b>Balance at 1 January</b>	<b>29,277</b>	<b>28,955</b>
Additions	-	-
Attributable profit/(loss)	(448)	672
Translation differences	(1,803)	(2,245)
<b>Balance at June 30</b>	<b><u>27,026</u></b>	<b><u>27,382</u></b>

The key figures for investments in joint ventures accounted for using the equity method in 2017 are broken down in Annex III of the consolidated annual accounts for the year ended 31 December 2017.

### 13. Cash and cash equivalents

The detail of this item at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of euros	
	<u>30/06/2018</u>	<u>31/12/2017</u>
Cash and current deposits	217,597	251,384
Bank deposits	41,899	66,393
	<b><u>259,496</u></b>	<b><u>317,777</u></b>

The effective interest rate on current bank deposits was 4.81% (6.48% at 31 December 2017) and the average term of deposits held in 2018 was 40 days (36 days in 2017).

### 14. Inventories

The details of inventories at 30 June 2018 and 31 December 2017 is as follows:

	Thousands of euros	
	<u>30/06/2018</u>	<u>31/12/2017</u>
Fuel and other	3,781	3,876
Operational materials	2,321	1,990
Uniforms	189	381
Works and facilities in progress	6,969	-
Impairment of inventories	(298)	(132)
	<b><u>12,962</u></b>	<b><u>6,115</u></b>

Changes in inventories correspond mainly to stocks of ATMs following the acquisition of Tellex (Note 20).

No inventories were pledged in guarantee of payment obligations.

## 15. Equity

### 15.1. Share capital

At 30 June 2018 the share capital of Prosegur Cash, S.A. amounted to EUR 30,000 thousand represented by 1,500,000,000 shares with a nominal value of EUR 0.02 each, fully subscribed and paid in. They are listed on the Madrid, Bilbao, Valencia and Barcelona stock exchanges and are traded on the Spanish stock market's electronic system (SIBE).

### 15.2. Own shares

The movements in own shares in the first half of 2018 were as follows:

	Number of shares	Thousands of euros
<b>Balance at 31 December 2017</b>	787,474	<b>2,127</b>
Acquisition of own shares	3,827,009	9,380
Sale of own shares	(3,661,263)	(9,247)
<b>Balance at 30 June 2018</b>	<b>953,220</b>	<b>2,260</b>

### 15.3. Cumulative translation differences

The change of EUR 93,230 thousand in the cumulative translation differences at 30 June 2018 compared with 31 December 2017 corresponds mainly to the devaluation of the Brazilian real and, especially, the Argentine peso (Note 23).

### 15.4. Earnings per share

- **Basic**

Basic earnings per share are calculated by dividing earnings from continuing operations attributable to the shareholders of the Parent by the weighted average number of ordinary shares outstanding in the year, excluding own shares acquired by the Company.

	30/06/2018			30/06/2017		
	Continuing activities	Discontinued operations	Total	Continuing activities	Discontinued operations	Total
Profit/(loss) attributable to the shareholders of the Parent	112,328	(758)	111,570	194,428	-	194,428
Weighted average of ordinary shares outstanding	1,499,997,405	1,499,997,405	1,499,997,405	1,499,762,304	1,499,762,304	1,499,762,304
<b>Basic earnings per share</b>	<b>0.07</b>	<b>-</b>	<b>0.07</b>	<b>0.13</b>	<b>-</b>	<b>0.13</b>

- ***Diluted***

Diluted earnings per share are calculated by adjusting the earnings attributable to the shareholders of the Parent and the weighted average number of ordinary shares outstanding in the year for all the effects of all dilutive potential ordinary shares.

The Parent Company does not have any type of partially diluted ordinary shares.

## **15.5. Dividends**

On 18 December 2017 the Board of Directors approved the distribution of a gross interim dividend against 2017 profits of EUR 0.0716 per share, representing a total dividend of EUR 107,400 thousand (based on share capital at that date comprising 1,500 million shares). This resolution of the Board of Directors was ratified at the General Meeting of Shareholders held on 28 May 2018.

40% of the dividend approved, amount to EUR 42,960 thousand was paid out to shareholders on 27 December 2017.

On 14 March 2018 a second tranche of the interim ordinary dividend against 2017 profits was paid out, totalling EUR 21,480 thousand (equivalent to EUR 0.01432 per outstanding share gross or EUR 0.0115992 per share net).

On 14 June 2018 the third tranche of the interim ordinary dividend against 2017 profits was paid out, totalling EUR 21,480 thousand (equivalent to EUR 0.01432 per outstanding share gross or EUR 0.0115992 per share net).

The remaining amount due to bring the payout up to the approved amount of EUR 0.0716 per share (based on share capital of 1,500 million shares at 30 June 2018) will be paid in September 2018.

## 16. Provisions

The balance and movements under this heading in the six-month period ended 30 June 2018 is broken down in the following table:

Thousands of euros	Labour-related risks	Legal risks	Restructuring	Employee benefits	Other risks	Total
<b>Balance at 1 January 2018</b>	<b>49,772</b>	<b>8,054</b>	<b>1,522</b>	<b>7,759</b>	<b>65,719</b>	<b>132,826</b>
Provision charged to income statement	12,675	431	-	-	3,969	17,075
Reversals credited to income statement	(9,626)	(470)	-	-	(1,784)	(11,880)
Applications	(6,437)	(800)	(549)	-	(3,954)	(11,740)
Financial effect of discount	1,514	439	-	-	1,700	3,653
Additions to the consolidated group	145	-	-	212	-	357
Transfers	-	-	-	-	-	-
Translation differences	(5,281)	(967)	-	(482)	(6,074)	(12,804)
<b>Balance at 30 June 2018</b>	<b>42,762</b>	<b>6,687</b>	<b>973</b>	<b>7,489</b>	<b>59,576</b>	<b>117,487</b>
Non-current 2018	42,762	6,687	-	7,489	57,839	114,777
Current 2018	-	-	973	-	1,737	2,710

### a) Labour-related risks

Provisions for labour-related risks, which amounted to EUR 42,762 thousand at 30 June 2018 (EUR 49,772 thousand at 31 December 2017), are calculated individually on the basis of the estimated likelihood of success or failure. This probability is determined by the Prosegur Cash Group's legal advisers. An internal review is also carried out into the likelihood of reaching agreement in each case, based on former experience. This is used to determine the final provision to be recognised.

The provision for labour-related risks corresponds mainly to provisions for labour-related legal actions in Brazil, including claims by former employees and employees of the Prosegur Cash Group. The nature of the country's labour legislation means these proceedings are subject to lengthy delays, giving rise to a provision in 2018 of EUR 27,839 thousand (EUR 36,140 thousand at 31 December 2017).

An additional provision of EUR 6,400 thousand is recognised under this heading (EUR 6,357 thousand at 31 December 2017) in respect of the business combination with Transpev.

### b) Legal risks

The provision for legal risks, amounting to EUR 6,687 thousand (EUR 8,054 thousand at 31 December 2017), corresponds mainly to civil claims which are reviewed on an individual basis. These relate mainly to legal proceedings in progress in Brazil. These claims are highly likely to result in cash outflows, but the amount and timing thereof is uncertain and depends on the outcome of said proceedings. There are no significant legal risks.

**c) Restructuring**

The restructuring provisions recognised correspond to the company Brinks Deutschland GmbH acquired in 2013. It is highly likely that there will be an outflow of resources in respect of this provision. Payments amounting to EUR 549 thousand were made in the first half of 2018.

**d) Employee benefits**

As disclosed in Note 5.2 of the consolidated annual accounts for the year ended 31 December 2017, Prosegur Cash has defined benefit plans for employees in Germany, Brazil, Mexico and France. The actuarial value of these benefit commitments are reviewed annually by qualified actuaries. The last review was performed at the end of the 2017 reporting period and is applicable to the current financial year.

In addition, the business combination disclosed in Note 20, Honduras, Nicaragua and El Salvador subsidiaries have recognised defined benefit plan commitments linked to the termination of employment contracts following dismissal or by mutual agreement.

The defined benefit plans in Germany and France correspond to pension and retirement plans, while the Mexican plan relates to employees' length of service. The Brazilian plan relates to post-retirement medical cover required in compliance with Law 9656 of said country.

**e) Other risks**

The provision for other risks, which amounted to EUR 59,576 thousand at 30 June 2018 (EUR 65,719 thousand at 31 December 2017), includes all types of risk except those previously mentioned.

These claims are highly likely to result in cash outflow, but the amount and timing thereof is uncertain and depends on the outcome of proceedings in progress.

The most significant risks are detailed below:

**Tax risks**

These mainly relate to tax risks in Brazil and Argentina amounting to EUR 48,410 thousand (EUR 43,721 thousand at 31 December 2017).

In Brazil, tax risks relate to a number of matters, mainly claims involving direct and indirect municipal and state taxes, and provisions related to the Nordeste and Transpev business combinations carried forward from previous financial years. In Argentina these are related to individually non-material amounts related mainly to municipal and provincial taxes.

The Prosegur Cash Group measures uncertain tax positions on the basis of "the most likely outcome". Tax risks are treated as material in accordance with the recommendations of external advisers, based on an

analysis of the pertinent jurisprudence. Internal studies are also performed based on similar cases arising in the past or in other entities.

All tax contingencies are reviewed in detail at the end of each quarter. This review considers the amount, nature and extent to which the risk is covered by the provision. These parameters are assessed at the end of each financial year on the basis of a report produced by an independent expert containing an analysis and assessment of said parameters. This is used to adjust the amount of the provisions to be recognised in the consolidated annual accounts.

### ***Comcare Australia***

Payments were made in the first half of 2018 for obligations associated with the workplace accident insurance plan in Australia amounting to EUR 608 thousand, resulting in a total provision of EUR 3,882 thousand (EUR 4,529 thousand at 31 December 2017), of which EUR 1,128 thousand is payable in the short term (EUR 963 thousand at 31 December 2017).

### ***Accrued obligations to personnel***

These provisions reflect the commitment accrued in respect of the long-term incentive benefit linked to the 2017 and 2020 Bonus Plans for the CEO and senior management of Prosegur Cash. During the period a provision of EUR 922 thousand was recorded with a charge to income for the year (EUR 1,020 thousand at 30 June 2017), bringing the total provision to EUR 1,943 thousand (EUR 4,281 thousand at 31 December 2017). The expense is recognised under wages and salaries (Note 6).

As disclosed in Note 32.19 of the consolidated annual accounts for the year ended 31 December 2017, the plan is linked, in general terms, to the value creation during the 2015 to 2017 financial years, with cash payments for some beneficiaries calculated on the basis of the Company's share price. The measurement period for most beneficiaries is 1 January 2015 to 31 December 2017, while remaining period is from 1 January 2015 to 31 December 2019.

A total of EUR 2,558 thousand was paid out in the first half of 2018 linked to the 2017 Plan.

On 28 May 2018 the Annual Shareholders General Meeting of approved the 2020 Bonus Plan for the CEO and senior management of Prosegur Cash. The plan is linked to the value creation during the 2018 to 2020 financial years, with cash payments for some beneficiaries calculated on the basis of the Company's share price. The three years plan depends on employees remaining in post and meeting the targets set. The measurement period for most beneficiaries is 1 January 2018 to 31 December 2020, while remaining period is from 1 January 2018 to 31 December 2022.

For both plans, the cash value of each share to which the beneficiary will be entitled is based on the average listed price of Prosegur Cash shares in the last fifteen trading sessions in the month prior to delivery of the shares.

The total amount of the bonus will depend on the extent to which the targets set in line with the strategic plan have been met.

## 17. Financial liabilities

The detail of this item in the consolidated statement of financial position at 30 June 2018 and 31 December 2017 is as follows:

Thousands of euros	30/06/2018		31/12/2017	
	Non-current	Current	Non-current	Current
Bonds and marketable securities	592,004	4,747	594,117	-
Bank borrowings	71,035	17,909	80,140	36,013
Payables on leases	6,127	6,974	10,041	7,843
Loan account	-	2,273	-	18,412
Other payables	16,209	22,194	12,626	15,262
	<b>685,375</b>	<b>54,097</b>	<b>696,924</b>	<b>77,530</b>

The most significant items recorded under this heading are detailed in Note 22 to the consolidated annual accounts for the year ended 31 December 2017.

In the six months ended 30 June 2018 Prosegur Cash did not default on any loan or credit granted to it nor was the Group in breach of any agreement related to said loans or credits.

### Syndicated credit facility (Spain)

On 10 February 2017, Prosegur Cash signed a syndicated credit agreement for EUR 300,000 thousand, maturing in five years, to ensure the company's liquidity over the long term. At 30 June 2018 no amount had been drawn against this facility.

The interest rate applicable to any amounts drawn down on this facility corresponds to the Euribor rate plus a spread based on the Company's credit rating.

### Bonds and other marketable debt securities

On 4 December 2017 Prosegur Cash issued uncovered bonds with a nominal amount of EUR 600 million maturing on 4 February 2026. The bonds were issued through the Euro Medium Term Note Programme, and allowed Prosegur Cash to defer the maturity of part of its debt and diversify its sources of financing. The bonds are traded on the secondary market on the Irish Stock Exchange. They bear an annual coupon of 1.38% payable at the end of each year.

### **Bailment agreement**

Prosegur Cash in Australia has signed a bailment agreement to supply cash to ATMs belonging to Prosegur Cash. Under the agreement, the bailor is the owner of said cash. Prosegur holds this cash for the sole purpose of refilling the ATMs it supplies under this contract. The corresponding asset and liability are settled through regulated clearing systems including balance offsetting rights. No asset or liability is therefore recognised in respect of this cash. The cash in circulation at 30 June 2018 was AUD 41,400 thousand, (equivalent to EUR 26,500 thousand) (AUD 47,700 thousand at 31 December 2017, equivalent to EUR 31,080 thousand).

### **Loans and borrowings (South Africa)**

On 29 January 2016 the Prosegur Group took out into a 4-year bullet loan in rands. This loan, amounting to ZAR 272,000 thousand (equivalent to EUR 16,949 thousand at 30 June 2018, EUR 18,372 thousand at 31 December 2017) was granted to Prosegur Cash on 6 July 2017. The same terms and maturity date (29 January 2020) apply to Prosegur Cash. When the loan was granted, Prosegur simultaneously paid Prosegur Cash a cash amount equivalent to the principal of the debt plus the interest accrued.

### **Syndicated loan (Australia)**

On 28 April 2017, Prosegur arranged a syndicated credit agreement through its subsidiary Prosegur Australia Investments Pty for AUD 70,000 thousand maturing in three years. At 30 June 2018 the amount drawn down totalled AUD 70,000 thousand (equivalent to EUR 44,340 thousand at that date).

### **Other payables**

The most significant items recorded under this heading are detailed in Note 22 to the consolidated annual accounts for the year ended 31 December 2017.

The amounts recorded under other payables include payables related to the business combinations performed.

## **18. Taxation**

Prosegur Cash is part of the Prosegur consolidated tax Group in Spain. The consolidated tax group is headed by Prosegur Compañía de Seguridad, S.A. and includes those Spanish subsidiaries that meet the requirements for filing consolidated tax returns. The Prosegur Cash Group also files corporate income tax returns in the following countries: France, Luxembourg, Portugal and Australia.

The tax expense is recognised for the interim reporting period on the basis of the best estimate of the weighted average effective tax rate expected for the financial year. The tax expense calculated for this interim reporting period may need to be adjusted in later periods if the estimated annual tax rate changes.



	<b>Thousands of euros</b>	
	<b>Period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
Current tax	50,176	44,773
Deferred tax	5,415	21,570
<b>Total</b>	<b>55,591</b>	<b>66,343</b>

	<b>Thousands of euros</b>	
	<b>Period ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
Corporate income tax expense	55,591	66,343
Profit before tax	167,919	260,771
<b>Effective rate</b>	<b>33.11%</b>	<b>25.44%</b>

The effective tax rate was 33.11% in the second quarter of 2018 compares with 25.44% in the second quarter of 2017, an increase of 7.67 percentage points due to the impact in 2017 of a non-taxable receipt on the sale of a holding associated with the corporate restructuring carried out by the Company in 2017. Stripping out this effect, the effective tax rate would have been 32.59% in the second quarter of 2017, in line with the 2018 rate.

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. The Directors consider that any such liabilities that could arise would not materially affect the consolidated financial statements.

## **19. Contingencies**

Details of the contingent assets and liabilities recognised at 31 December 2017 are disclosed in Note 25 of the Notes to the consolidated annual accounts for the year then ended.

### ***National Commission on Markets and Competition (CNMC)***

On 22 April 2015 the Spanish National Commission on Markets and Competition (CNMC) opened proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U (currently a subsidiary of Prosegur Cash) and Loomis España, S.A. for alleged anti-competitive practices in accordance with European Union legislation. On 10 November 2016 the CNMC's Competition Commission fined Prosegur and its subsidiary EUR 39,420 thousand.

On 13 January 2017 Prosegur filed an appeal against this ruling with the National High Court and requested the fine be suspended during the appeal period.

On 13 February 2017 the High Court granted Prosegur the right to present the appeal, allowing proceedings to be initiated prior to hearing the formal appeal. To date, said appeal is being prepared by Prosegur and the Court will subsequently consider the merits of the case and issue a ruling.

On 31 March 2017 the High Court granted the request to suspend the CNMC's order, in particular the fine imposed on Prosegur, on condition that Prosegur provides a guarantee or other surety for the amount of the fine within twelve months. On 9 June 2017, Prosegur presented a bank guarantee amounting to EUR 39,420 thousand to the High Court.

The cost of appealing against the ruling and fine imposed by the CNMC's Competition Commission against Prosegur and Prosegur Servicios de Efectivo España, S.L. on 10 November 2016 will be assumed in full by Prosegur, which will have exclusive powers over the management and oversight of said defence and the appeal procedure. Prosegur has agreed to compensate Prosegur Cash for any fine subsequently imposed on the Prosegur Cash subsidiary as a result of these proceedings. Prosegur Cash has therefore recognised no provision in this respect.

## 20. Business combinations

The changes in goodwill in the first half of 2018 are disclosed in Note 10.2.

### 20.1. Goodwill recognized in 2018

The net assets acquired and goodwill arising on the incorporations carried out in 2018 are as follows:

Thousands of euros	Assigned to segment	Cash consideration	Deferred to fair value	Total acquisition price	Fair value of identifiable net assets acquired	Goodwill
Tellex <sup>(1)</sup>	Iberoamerica	6,593	5,041	11,634	11,199	435
Grupo Almo Secure Transport operations <sup>(1)</sup>	Iberoamerica	9,124	7,319	16,443	9,765	6,678
		<b>15,717</b>	<b>12,360</b>	<b>28,077</b>	<b>20,964</b>	<b>7,113</b>

<sup>(1)</sup> The calculations related to business combinations are provisional and subject to adjustment up to one year from the acquisition date.

Goodwill is not deductible for tax purposes.

If the businesses acquired in the first half of 2018 had been acquired on 1 January 2018, the ordinary revenues registered in the consolidated income statement to 30 June 2018 would have been EUR 8,648 thousand.

The cash outflows related to the acquisition of the businesses acquired, net of cash acquired, are as follows:

Thousands of euros	Country	Cash consideration	Cash and cash equivalents acquired	Cash outflows on acquisition
Tellex	Argentina	6,593	(576)	<b>6,017</b>
Grupo Almo Secure Transport operations	Central America	9,124	(1,033)	<b>8,091</b>
		<b>15,717</b>	<b>(1,609)</b>	<b>14,108</b>

### Grupo Almo Secure Transport operations

On 8 June 2018 Prosegur reached an agreement with the Grupo Almo to acquire 60% of its transport operations for high value items in Central America, with an additional commitment to acquire the remaining 40% over the next three years.

The acquired assets were consolidated from 8 June 2018. The ordinary revenues contributed to the consolidated income statement for 2018 is EUR 1,390 thousand.

The assets and liabilities arising on acquisition were as follows:

(Thousands of euros)	Carrying amount in financial statements of the acquiree	Fair value
Cash and cash equivalents	1,033	1,033
Property, plant and equipment	3,735	3,735
Other intangible assets	19	6,791
Inventories	132	132
Trade and other receivables	2,715	2,715
Current tax assets	115	115
Trade and other payables	(2,458)	(2,458)
Deferred tax assets	31	31
Deferred tax liabilities	(41)	(1,740)
Deferred tax liabilities	(360)	(360)
Non-current financial assets	8	8
Provisions	(212)	(212)
Current financial liabilities	(25)	(25)
<b>Net identifiable assets acquired</b>	<b>4,692</b>	<b>9,765</b>

The goodwill was allocated to the Iberoamerica segment and is mainly attributable to the business returns and material synergies that are expected to materialise following the acquisition by Prosegur Cash. The intangible assets are based on relations with customers (EUR 5,805 thousand), with a useful life of 6 to 10 years, licences (EUR 178 thousand) and trademarks (EUR 789 thousand) with a useful life of four years.

### Tellex

On 1 March 2018 the Company acquired 100% of the Argentine company Tellex, S.A., a company mainly engaged in the sale and maintenance of ATMs. The total purchase price was ARS 284,621 thousand (equivalent to EUR 11,634 thousand at the acquisition date), comprising cash consideration of ARS 161,286 thousand (EUR 6,593 thousand) and deferred contingent consideration of ARS 123,335 thousand (EUR 5,041 thousand) payable in 2019, 2020 and 2021.

The acquired assets were consolidated from 1 March 2018. The ordinary revenues and net loss contributed to the consolidated income statement for 2018 are EUR 3,097 thousand and EUR 914 thousand, respectively.

The assets and liabilities arising on acquisition were as follows:

(Thousands of euros)	<b>Carrying amount in financial statements of the acquiree</b>	<b>Fair value</b>
Cash and cash equivalents	576	576
Property, plant and equipment	787	787
Deferred tax assets	1,245	1,245
Trade and other receivables	8,931	8,931
Trade and other payables	(7,807)	(7,807)
Other liabilities and expenses	(830)	(830)
Current financial assets	116	116
Provisions	(158)	(158)
Current tax assets	1,521	1,521
Non-current financial assets	8	8
Deferred tax liabilities	(2)	(144)
Other intangible assets	-	474
Inventories	8,803	8,803
Current financial liabilities	(2,323)	(2,323)
<b>Net identifiable assets acquired</b>	<b>10,867</b>	<b>11,199</b>

The goodwill was allocated to the Iberoamerica segment and is mainly attributable to the business returns and material synergies that are expected to materialise following the acquisition by Prosegur Cash. The intangible assets are based on relations with customers (EUR 474 thousand) with a useful life of 10 years.

## 20.2. Goodwill recognized in 2017 and under review in 2018

The net assets acquired and goodwill arising on the incorporations carried out in 2017, which are being reviewed in 2018, are as follows:

Thousands of euros	Assigned to segment	Cash consideration	Deferred to fair value	Total acquisition price	Fair value of identifiable net assets acquired	Goodwill
Grupo Contesta <sup>(1)</sup>	Cash	6,695	10,064	16,759	10,512	6,247
		<b>6,695</b>	<b>10,064</b>	<b>16,759</b>	<b>10,512</b>	<b>6,247</b>

(1) The calculations related to business combinations are provisional and subject to adjustment up to one year from the acquisition date.

Goodwill is not deductible for tax purposes.

The cash outflows related to the acquisition of the businesses acquired, net of cash acquired, are as follows:

Thousands of euros	Country	Segment	Cash consideration	Cash and cash equivalents acquired	Cash outflows on acquisition
Grupo Contesta	Spain	Cash	6,695	(983)	5,712
			<b>6,695</b>	<b>(983)</b>	<b>5,712</b>

### Grupo Contesta

On 14 September 2017, Prosegur acquired 100% of the Grupo Contesta in Spain, a group of companies engaged in the provision of administrative services to banks. The total purchase price was EUR 16,759 thousand, comprising cash consideration of EUR 6,695 thousand and deferred contingent consideration of EUR 10,064 thousand payable in 2018, 2019 and 2020.

The acquired business was consolidated from 14 September 2017.

The assets and liabilities arising on acquisition were as follows:

(Thousands of euros)	Carrying amount in financial statements 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 liability	(284)	(284)
Trade and other payables	(977)	(977)
Other financial assets	46	46
Financial debt	(500)	(500)
Deferred tax liabilities	-	(2,333)
Other intangible assets	16	9,349
<b>Net identifiable assets acquired</b>	<b>3,512</b>	<b>10,512</b>

The goodwill was allocated to the Cash segment and the Europe geographical region and is mainly attributable to the business returns and material synergies that are expected to materialise following the acquisition by Prosegur. The intangible assets are based on relations with customers (EUR 9,333 thousand) with a useful life of 14 years.

### 20.3. Goodwill recognized in 2017 and under review in 2018

The net assets acquired and goodwill arising on the incorporations carried out in 2017, which have not been reviewed in 2018, are as follows:

Thousands of euros	Assigned to segment	Cash consideration	Deferred to fair value	Total acquisition price	Fair value of identifiable net assets acquired	Goodwill
Cash Services Australia Pty Limited <sup>(1)</sup>	AOA	2,171	-	2,171	2,171	-
Other Prosegur Cash business combinations <sup>(1)</sup>	Latin America	26,972	5,388	32,360	20,485	11,875
		<b>29,143</b>	<b>5,388</b>	<b>34,531</b>	<b>22,656</b>	<b>11,875</b>

<sup>(1)</sup> The calculations related to business combinations are provisional and subject to adjustment up to one year from the acquisition date.

Goodwill is not deductible for tax purposes.

The cash outflows related to the acquisition of the businesses acquired, net of cash acquired, are as follows:

Thousands of euros	Country	Cash consideration	Cash and cash equivalents acquired	Cash outflows on acquisition
Cash Services Australia Pty Limited	Australia	2,171	(170)	2,001
Other Prosegur Cash business combinations <sup>(1)</sup>	Various	26,972	(2,333)	24,639
		<b>29,143</b>	<b>(2,503)</b>	<b>26,640</b>

#### Cash Services Australia Pty Limited

On 17 February 2017, Prosegur Cash acquired 100% of the Australian company Cash Services Australia Pty Limited, a security company that provides logistics services for high value items and cash management services. The total purchase price was AUD 2,998 thousand (equivalent to EUR 2,171 thousand), comprising cash consideration of AUS 2,406 thousand (EUR 1,742 thousand) and deferred contingent consideration of AUD 592 thousand (EUR 429 thousand) payable in 2017.

The acquired assets were consolidated from 17 February 2017.

The assets and liabilities arising on acquisition were as follows:

(Thousands of euros)	<b>Carrying amount in financial statements of the acquiree</b>	<b>Fair value</b>
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
<b>Net identifiable assets acquired</b>	<b>1,118</b>	<b>2,171</b>

The intangible assets are based on relations with customers (EUR 1,504 thousand) with a useful life of 7 years.

#### **Other Prosegur Cash business combinations**

In 2017, Prosegur Cash acquired a number of assets and security companies in Iberoamerica which provide logistics services for high value items and cash management services. The total purchase price was EUR 32,360 thousand, comprising cash consideration of EUR 26,972 thousand a deferred payment falling due in 2017, 2018 and 2019 totalling EUR 4,045 thousand and deferred contingent consideration of EUR 1,343 thousand payable in 2018 and 2019.

The assets and liabilities arising on acquisition were as follows:

(Thousands of euros)	<b>Carrying amount in financial statements of the acquiree</b>	<b>Fair value</b>
Cash and cash equivalents	2,333	2,333
Property, plant and equipment	6,139	6,139
Inventories	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
<b>Net identifiable assets acquired</b>	<b>6,751</b>	<b>20,485</b>

The goodwill was allocated to the Iberoamerica segment and is mainly attributable to the business returns and material synergies that are expected to materialise following the acquisition by Prosegur Cash. The intangible

assets are based on relations with customers (EUR 14,043 thousand), with a useful life of 7 to 19 years, and a non-competition agreement (EUR 867 thousand) with a useful life of 10 years.

## 21. Related parties

The Prosegur Cash Group is controlled by Prosegur Compañía de Seguridad, S.A., a company incorporated in Madrid and which directly holds 51% of the Company's shares and indirectly controls a further 21.5% through the subsidiary Prosegur Assets Management. The remaining 27.5% of the shares are held by a number of shareholders, including the significant shareholders Oppenheimerfunds, INC with 6.981% and FMR LLC with 6.785%.

### Balances with Prosegur Group companies

The Prosegur Cash Group has balances with companies that form part of the Prosegur Group but which are not included in the scope of consolidation of the Prosegur Cash Group as follows:

	Thousands of euros	
	30/06/2018	31/12/2017
Current investments in group companies and associates		
Loans	3,482	4,699
Other financial assets	-	-
Trade and other receivables		
Trade and other receivables	8,255	2,502
Advances on expenses	9,565	10,902
<b>Total current assets with Prosegur Group companies</b>	<b>21,302</b>	<b>18,103</b>
<b>Total assets</b>	<b>21,302</b>	<b>18,103</b>
Financial liabilities		
Other financial liabilities	-	-
Loans granted by group companies		
Loans	-	-
Dividend payable	15,573	46,719
Trade and other payables		
Trade and other payables	27,759	1,653
<b>Total current liabilities with Prosegur Group companies</b>	<b>43,332</b>	<b>48,372</b>
<b>Total liabilities</b>	<b>43,332</b>	<b>48,372</b>

The amounts pending collection by Prosegur Cash from its subsidiaries in Brazil (Note 11) recognised under assets held for sale total EUR 3,482 thousand.



### Transactions with Prosegur Group companies

The Prosegur Cash Group has balances with companies that form part of the Prosegur Group but which are not included in the scope of consolidation of the Prosegur Cash Group:

	Thousands of euros	
	30/06/2018	30/06/2017
<b>Revenues</b>		
Rent and utilities	669	354
Services provided	1,055	494
Sale of investment properties	-	2,311
Sale of shares	-	49,873
Sale of trademark	-	36,038
Finance income	-	82
<b>Total Revenues</b>	<b>1,724</b>	<b>89,152</b>
<b>Expenses</b>		
Trademark	(14,673)	(16,697)
Management support services	(30,450)	(21,828)
Rent and utilities	(6,701)	(3,350)
Other expenses	(3,353)	(2,115)
Finance expenses	-	(143)
<b>Total expenses</b>	<b>(55,177)</b>	<b>(44,133)</b>

As disclosed in Note 4 to the consolidated annual accounts for the year ended 31 December 2017, management support service costs increased in the first six months of 2018 compared with the same period of 2017 as a result of the spin-off carried out in Brazil in December 2017. This increase management support costs is offset by lower staff costs.

As disclosed in Note 20.1, on 1 March 2018 the Company acquired 100% of the Argentine company Tellex, S.A., a company mainly engaged in the sale and maintenance of ATMs.

### Remuneration of Directors and key personnel

#### 1. Directors' remuneration

The full remuneration accrued by the members of the Board of Directors in the six-month period ended 30 June 2018 is as follows:

	Thousands of euros	
	30/06/2018	30/06/2017
Fixed remuneration	355	233
Variable remuneration	219	138
Remuneration for membership of board and committees	1	1
Per diems	383	246
	<b>958</b>	<b>618</b>

In the first few months of 2017, Prosegur Cash did not have a Board of Directors or Chief executives with remunerated positions. Management duties were performed by the Sole Director of Prosegur.

## 2. Remuneration of senior management:

Senior management is defined as employees of Prosegur Cash who, in fact or by right, perform senior management functions reporting directly to the governing body or Executive Director, including employees with power of attorney whose authority is not restricted to specific areas or matters or to activities that do not form part of the entity's corporate purpose.

The remuneration accruing to all the senior management of Prosegur Cash in the six-month period ended 30 June 2018 and 2017 is as follows:

	Thousands of euros	
	30/06/2018	30/06/2017
Total remuneration paid to senior management	1,673	1,202

## Loans to related parties

There were no loans to related parties at 30 June 2018.

## Disclosure on compliance with article 229 of the Spanish Corporate Enterprises Act

In accordance with the provisions of articles 228, 229 and 230 of the revised Text of the Spanish Corporate Enterprise Act, approved by Royal Legislative Decree 1/2010, of 2 July, and modified by Law 31/2014 on improving corporate governance, in the first half of 2018, none of the members of the Board of Directors of the Parent nor any party related thereto had any direct or indirect interest in conflict with those of the Company.

On occasion, and since before the appointment of Mr. Daniel Guillermo Entrecanales Domecq as a Director of the Company, Revolution Publicidad, S.L. has provided services to Prosegur Cash, including publicity agency services, media, marketing and communications services, within the ordinary course of business and under normal market conditions. Prosegur Cash does not work exclusively with the agency Revolution Publicidad, S.L., obtaining the aforementioned services from other entities. The amounts paid to Revolution Publicidad, S.L., by Prosegur Cash are not large or material. The fees paid to 30 June 2018 amounted to EUR 18 thousand (EUR 18 thousand at 30 June 2017).

The Board of Directors considers that the business relationship between the agency Revolution Publicidad, S.L. and Prosegur Cash, which is occasional, arising in the ordinary course of business, non-exclusive and non-material, does not affect in any way the ability of Mr. Daniel Guillermo Entrecanales Domecq to independently perform his duties as a member of the Board of Directors of Prosegur Cash.

During the year the company Euroforum Escorial, S.A. (controlled by Gubel, S.L.) has invoiced Prosegur Cash EUR 72 thousand for hotel services (EUR 48 thousand at 30 June 2017). Prosegur is controlled by Gubel S.L., a company incorporated in Madrid, which holds 50.075% of the share capital of Prosegur, which includes Prosegur Cash in its consolidated financial statements.

Mr. Christian Gut Revoredo and Mr. Antonio Rubio Merino hold the posts of Executive Director and Chairman of Prosegur Cash and CFO of Prosegur and Proprietary Director (representing Prosegur) of Prosegur Cash, respectively. Mrs. Chantal Gut Revoredo is a Proprietary Director of Prosegur and Prosegur Cash. The Board of Directors considers that their respective posts in Prosegur do not affect their independence in any way or their ability to perform their duties in Prosegur Cash.

## 22. Average headcount

The average workforce of Prosegur Cash in the six-month period ended 30 June 2018 and 30 June 2017, including companies consolidated using the equity method, is as follows:

	30/06/2018	30/06/2017
Men	45,373	46,525
Women	10,994	10,541
	<b>56,367</b>	<b>57,066</b>

## 23. Events after the reporting period

Prosegur, through its subsidiary Prosegur Global CIT Row S.L.U. effected a business combination in July 2018, acquiring 51% of the ATPI group. This group is based in the Philippines and is mainly engaged in the management and transport of cash.

On 9 July 2018 Prosegur also effected a business combination whereby it acquired 100% control of the Brazilian company Logmais. Through this operation, Prosegur Brasil, S.A. entered the correspondent banking market, under the cash business segment.

The hyperinflation is based on indicators relating to the economic climate in Argentina, including a cumulative inflation rate of over 100% over the last three years, which means Argentina can be declared to be a hyperinflationary economy for accounting purposes. Prosegur is currently assessing the impacts to be recognised of Argentina's designation as a hyperinflationary economy.

## ANNEX I - Significant accounting policies

### ***Standards coming into force from 1 January 2018 and which may require changes in accounting policy or presentation***

The accounting policies adopted for the preparation of the condensed consolidated interim financial statements for the six-month period ended 30 June 2018 are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2017, as detailed in Note 32 of the Notes thereto.

In addition to the first-time application of IFRS-EU 9 (Note 2), the following standards published by the IASB and the EU-IFRS Interpretation Committee and adopted by the European Union for their application in Europe, came into force in 2018. They have, therefore, been taken into account in the preparation of these condensed consolidated interim financial statements:

<b>Standards</b>		<b>Mandatory application:</b>
		<b>periods beginning on or after: IASB effective date</b>
IAS 40	Amendment to IAS 40 Investment property	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
EU-IFRS 2	Classification and measurement of share-based payments	1 January 2018
EU IFRS 15	Revenue from contracts with customers	1 January 2018

Amendment to IAS 40 Investment property: Transfers of investment property. These amendments clarify the requirements affecting transfers to or from investment properties

IFRIC 22 “Foreign currency transactions and advance consideration”. Establishing the exchange rate to be used in transactions involving advance consideration paid or received in foreign currencies.

Amendments to IFRS 2: Classification and measurement of share-based payments. Clarification on accounting for certain types of share-based payments.

EU-IFRS 15: Establishing the criteria for recognising revenues from contracts with customers.

The application of these standards and interpretations that has had a material impact on the condensed consolidated interim financial statements is detailed in Note 2 and Annex II.

At the date of preparation of these condensed consolidated interim financial statements the following IAS amendments and IFRIC interpretations had been published by the IASB but their application is not yet obligatory:

<b>Standards</b>	<b>Mandatory application: periods beginning on or after: IASB effective date</b>	
EU-IFRS 16	Lease accounting (issued January 2016)	1 January 2019
	Conceptual framework for financial reporting.	1 January 2020
IAS 19	Amendments to IAS 19. The limit on a defined benefit asset and minimum funding requirements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
IAS 12	Amendment to IAS 12: Income tax consequences of payments on instruments classified as equity	1 January 2019
EU-IFRS 3, 11	Improvements to EU-IFRS 3 and 11: Accounting for acquisitions of interests in joint operations and acquisition of control over a joint operation	1 January 2019

The Group has not applied any of these standards or interpretations in advance of the date on which they come into force.

As a consequence of the analysis being carried out by the Group on the potential impact of the first-time application of EU-IFRS 16, the Group will recognise new assets and liabilities in respect of operating leases on buildings and vehicles. The nature of the expenses related to these leases will also change, as operating leases will no longer be expensed on a straight-line basis, instead the assets concerned will be depreciated and an interest expense will be recognised on the lease liability.

To estimate this impact, the Group needs to calculate factors including the terms of the leases concerned, taking into account whether the agreements can be terminated early or not and if they can be extended unilaterally by the lessee and, in both cases, with what degree of certainty, which will, in turn, depend on the expected use of the assets located in the underlying leased properties.

Although the Group expects to apply IFRS 16 for the first time from 1 January 2019, the calculation process is not yet complete, and it may apply the standard retrospectively, or using a modified retrospective approach. Based on the analysis performed to date, the Group expects the application of IFRS 16 to have a material impact on its consolidated financial statements in 2019.

With the exception of IFRS 16, at the date on which these condensed consolidated interim financial statements were prepared, the Directors do not expect these standards will have any material impact on the condensed consolidated interim financial statements.

## **ANNEX II – New measurement standards**

The new accounting policies applied from 1 January 2018 and the nature and expected effects of the changes are detailed below:

### Revenues from contracts with customers

IFRS 15 establishes a new five step model for recognising revenues on contracts with customers.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to separate performance obligations.

Step 5: Recognise revenue as and when the entity satisfies a performance obligation.

In accordance with IFRS 15, the entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Determining when said control is transferred (at a specific moment or over a period of time) requires judgements on the part of the Group. This standard replaces the following standards: (a) IAS 11 Construction contracts; (b) IAS 18 Revenue and interpretations thereof (IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC-31 Barter transaction involving advertising).

### *Cash management services, transport and safeguarding of high-value items in Spain and internationally, and new products*

Most of the revenues of Prosegur Cash are generated from cash management services, the transport and safeguarding of high value items in Spain and internationally, and from new products (Note 1). The new IFRS 15 standard requires the application of a standardised method for recognising revenues for contracts and performance obligations with similar characteristics. The Group's favoured method for measuring the value of services whose control is transferred to the customer over time is the output method, provided progress toward satisfaction of the performance obligation can be measured through the contract and during the execution thereof. The output method recognises revenues on the basis of direct measurements of the value to the customer of the goods or services transferred to date as a proportion of the goods or services the Company is committed to provide under the contract.

Revenues for services are recognised over the period in which they are provided. For fixed price contracts, revenues are recognised by measuring the services actually provided at the end of the period as a proportion of the total services provided.

If the value of the services provided by Prosegur Cash exceeds its unconditional right to collect revenues, a contractual asset is recognised. If the amount collected from the customer exceeds the revenue recognised, a contractual liability is recognised.

## Financial instruments

### **(i) Recognition and classification of financial instruments**

Financial instruments are recognised when the Group becomes party to the contract or business in accordance with the provisions thereof.

The criteria used to classify financial assets will be based on how the entity manages its financial instruments (its business model) and on the existence and nature of the assets' contractual cash flow. On this basis, the asset will be measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss, as follows:

If the objective of the entity's business model is to hold the financial asset to collect the contractual cash flow, and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, the financial asset is measured at amortised cost.

If the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, the financial asset is measured at fair value through other comprehensive income (equity).

— All other assets must be measured at fair value through profit or loss. All equity instruments (e.g. shares) are measured by default using this method, as they do not meet the criteria of being solely payments of principal and interest. Derivative financial instruments are also measured at fair value through profit or loss, unless they are designated as hedging instruments.

Based on the classification detailed above, the Group applies the following accounting policies to the measurement of financial instruments:

<b>Financial assets at amortised cost</b>	After initial recognition, these assets are subsequently measured at amortised cost using the effective interest rate method. Said amortised cost may be reduced by impairment losses (see (ii) below). Gains or losses on derecognition, impairments and exchange gains/(losses) on financial assets are taken to income. The interest calculated using the effective interest rate method is taken to income under "Finance revenues".
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<b>Financial assets at fair value through profit or loss</b>	Financial assets at fair value through profit or loss are initially and subsequently measured at fair value, excluding transaction costs, which are expensed. Gains or losses on changes in the fair value are taken to income under “Other net finance revenues / (expense)” in the period in which they arise. Dividends and interest are also taken to income.
<b>Debt instruments at fair value through other comprehensive income</b>	After initial recognition, these instruments are measured at fair value through other comprehensive income. Interest income, impairments and exchange gains/(losses) are taken to income. When an instrument is sold or derecognised, the cumulative adjustments to fair value recognised in other comprehensive income are taken to income under “Other net finance revenues / (expense)”.

**(ii) Impairment of financial assets**

The impairment model is applicable to financial assets measured at amortised cost.

Financial assets at amortised cost include “Trade and other receivables”, which include receivables and other contractual assets within the scope of IFRS 15 “Revenues from contracts with customers”.

The impairment model is based on two measurement approaches, with an impairment provision based on expected losses over the next six months for Iberoamerica and twelve months for the remaining regions, or based on the expected losses over the life of the asset. A significant worsening in the customer’s credit rating is the trigger for moving from the first approach to the second.

For trade receivables, the Group has opted to apply the expected loss method. The expected loss is calculated, for each individual company, from the average credit losses for each customer in recent years as percentage of sales accrued but for which no loss allowance has yet been made.

In order to determine if the credit risk associated with a financial asset has significantly worsened since its initial recognition, or to estimate the expected credit losses over the life of the asset, Prosegur takes into account all reasonable, supported information that may be relevant and which is available without disproportionate effort or cost. This includes both quantitative and qualitative information, based on the experience of Prosegur Cash or other entities related to historic credit losses, and observable market information on the credit risk of the specific financial instrument or similar financial instruments.



### **(iii) Offsetting principles**

A financial asset and a financial liability are offset only when the Group currently 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. The Group currently has a legally enforceable right to set off the recognised amounts only if it is not contingent on a future event and it must be enforceable in the ordinary course of business, in the event of insolvency or the customer being declared bankrupt or in the event of default.

### **(iv) Derecognition, adjustments and cancellation of financial assets**

The Group applies derecognition criteria to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets).

Financial assets are derecognised when the rights to receive the associated cash flow expire or are transferred and the risks and benefits derived from the ownership of the asset are substantially transferred. Financial assets may not be derecognised if the Group retains contractual rights to receive cash inflows, unless it is contractually obliged to pay said cash flow on to one or more recipients and the following requirements are met:

- The payment of the cash flow is conditional on the prior collection thereof;
- The Group may not sell or pledge the financial asset; and
- The cash flow collected on behalf of the final recipients are forwarded without material delay and the Group is not able to reinvest the cash flow. The Group's investments in cash or cash equivalents during the settlement period between the collection date and the transfer date agreed with the final recipients are exempt from the application of this criteria provided the interest accrued is attributed to the final recipients.

### **(v) Interest and dividends**

The Group recognises interest using the effective interest rate method, which is the rate that exactly discounts estimated future cash flow over the expected life of the financial instrument to that instrument's carrying amount, based on the contractual terms of the instrument and excluding any expected credit losses, except for financial assets acquired or originated with losses already incurred.

Dividends on investments in equity instruments are taken to income when the Group has the right to collect them, it is probable that the economic benefits associated with the instrument will flow to the Group, and the amount can be reliably determined.

Dividends on equity instruments are classified at fair value through other comprehensive income and are recognised in income unless they represent a recovery of the cost of the investment, in which case they are recognised in other comprehensive income.

The Group recognises interest on late payment for trade transactions as financial income and expenses in accordance with the legal and contractual terms agreed. If such interest is finally offset or forgiven, the Group recognises the transaction in accordance with its nature. The Group recognises the legal right to offset collection fees incurred when it is probable that the receivable will be collected. The Group recognises the expense for claiming collection fees in accordance with its accounting policy on provisions.

**(vi) Derecognition and modifications of financial liabilities**

The Group derecognises a financial liability or a part of a financial liability when the main obligation specified in the contract is discharged or cancelled by legal process or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the cash flow under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flow of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. Otherwise, the modified flow are discounted at the original effective interest rate, taking any difference between this and the previous carrying amount to income. If the exchange is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial liability and are amortised over the remaining term of the modified liability.

The Group takes to income the difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed.

## **PROSEGUR CASH, S.A. AND SUBSIDIARIES**

### **Consolidated interim management report for the six-month period ended 30 June 2018**

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

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## **Consolidated interim management report for the six-month period ended 30 June 2018**

### **1. Events after the end of the 2017 reporting period**

The most material transactions and events in the first half of 2018 are detailed below:

On 1 March 2018 Prosegur Cash acquired 100% of the company Tellex, S.A. from the Prosegur Group in Argentina (Note 20 to the Interim Financial Statements). Its main activities are the sale and maintenance of ATMs. This operation involved a maximum investment by Prosegur Cash of EUR 13.1 million.

On 8 June 2018 Prosegur Cash reached an agreement with the Almo Group to acquire 60% of its transport operations for valuables in Central America, with an additional commitment to acquire the remaining 40% over the next three years (Note 20 of the Interim Financial Statements).

### **2. Business performance**

#### **2.1. Sales by region**

Prosegur Cash's consolidated sales in the first half of 2018 totalled EUR 883.2 million (EUR 964.2 million at 30 June 2017), which represent a decrease of 8.4%, comprising organic growth of 9.1% and inorganic growth of 1.7%, while exchange rate differences produced an overall decline of 19.2%.

Consolidated sales by region are broken down in the following table:

	Millions of euros		Growth
	June 2018	June 2017	
Europe	236.2	226.0	4.5%
AOA	39.2	52.5	(25.3%)
Iberoamerica	607.8	685.7	(11.4%)
<b>Total Prosegur Cash</b>	<b>883.2</b>	<b>964.2</b>	<b>(8.4%)</b>

Sales in Europe were 4.5% higher than in the same period of last year, of which 0.5% corresponds to pure organic growth and the remaining 4.0% to inorganic growth. Sales in Iberomerica and the Asia/Oceania/Africa regions fell by 11.4% and 25.3%, respectively, compared with the same period of 2017. In Iberomerica, the change in sales comprised organic growth of 14.2% and inorganic growth of 1.1%, while exchange rate differences produced a decline of 26.7%.

## 2.2. Sales by business area

Consolidated sales by business are broken down in the following table:

	Millions of euros	
	June 2018	June 2017
Transportation	560.9	634.8
<i>% of total</i>	<i>63.5%</i>	<i>65.8%</i>
Cash management	227.3	250.4
<i>% of total</i>	<i>25.7%</i>	<i>26.0%</i>
New products	95.0	79.0
<i>% of total</i>	<i>10.8%</i>	<i>8.2%</i>
<b>Total Prosegur Cash</b>	<b>883.2</b>	<b>964.2</b>

## 2.3. Margins

Consolidated operating profit (EBIT)\* in the first half of 2018 amounted to EUR 158.6 million (EUR 256.8 million at 30 June 2017). The company reported an EBIT margin of 18.0% at the end of the first half of 2018 (26.6% at 30 June 2017).

\*EBIT: Earnings before interest and tax

The company's EBIT breakdown is as follows:

				Millions of euros at 30 June 2018		Millions of euros at 30 June 2018
	Europe	AOA	Iberoamerica	Prosegur Cash	Not allocated	Prosegur Cash
Sales	236.2	39.2	607.8	883.2	-	883.2
EBIT	15.8	(4.8)	147.6	158.6	-	158.6
EBIT margin	6.7%	(12.2%)	24.3%	18.0%	-	18.0%

  

				Millions of euros at 30 June 2017		Millions of euros at 30 June 2017
	Europe	AOA	Iberoamerica	Prosegur Cash	Not allocated	Prosegur Cash
Sales	226.0	52.5	685.7	964.2	-	964.2
EBIT	14.9	1.1	156.0	172.0	84.8	256.8
EBIT margin	6.5%	2.1%	22.8%	17.8%	-	26.6%

## 2.4. Outlook for the second half of 2018

The Company reported a solid organic growth in all of its operations in the first half of 2018, except in France and Australia. The key indicators in the markets where we operate, mainly emerging markets, remain strong and the outlook continues to be positive. In euro terms, however, sales have been dented in the period due to the weakness of certain currencies against the euro. With regard to EBIT, initiatives to contain costs and optimise operational leverage have helped us to become market leaders in the countries in which we operate and to continue widening margins.

In Iberoamerica the Company has maintained double-digit organic growth thanks to the strong performance of the markets in which it operates, both in traditional segments and in terms of new products. The positive contribution of organic growth, together with the acquisitions made in 2017 and 2018, have partially offset the devaluation suffered by key currencies, particularly the Brazilian real and Argentine peso. The situation in Argentina is expected to normalise to some extent in the second half of the year, in particular following the agreement reached with the IMF, while the election results in Brazil are not expected to affect the economic recovery the country is currently experiencing.

Operating results in Iberoamerica in the first half of the year improved in relative terms, despite the devaluation of the currencies. We expect this performance to be maintained in the second half of the year, although we will have to watch exchange rates closely, as further currency devaluations could affect the business mix and profitability.

In Europe, sales performed strongly in the first half of the year, boosted by inorganic growth in Spain and organic growth in every country except France, where market conditions remain adverse. The recovery of the Spanish economy and the expansion of the businesses in Portugal and Germany are expected to continue providing the main basis for future growth. Operating income remains in line with last year and it is expected that this performance will be maintained despite the adverse climate in France, where operations will continue to be strengthened in order to capture greater volumes of business and return to former levels of productivity and efficiency.

Finally, sales in the AOA region declined considerably, due to the loss of a key contract in late 2017 and exchange rate effects in Australia. Operations under said contract terminated in the first half of the year, although volumes recovered

to a certain extent, partially offsetting the loss. Operating income in the region was affected by reducing efficiency as a result of lower volumes and by restructuring measures undertaken in Australia. The aim of these measures is to recover at least some of the efficiency we have lost. There is still some uncertainty regarding the second half of the year due to competitive pressures and the exchange rate effect.

### 3. Average headcount

The average headcount of Prosegur Cash in the six-month period ended 30 June 2018 and 30 June 2017 is as follows:

	<b>Total Prosegur Cash</b>	
	<b>June 2018</b>	<b>June 2017</b>
Men	45,373	46,525
Female	10,994	10,541
<b>Average staff</b>	<b>56,367</b>	<b>57,066</b>

### 4. Investments

Prosegur Cash's investments are always reviewed by the technical and operational division concerned and by the management control department, who estimate and analyse their strategic importance, payback period and returns of the investment prior to approval. They are then submitted to the Investment Committee for final approval. Investments over EUR 1 million also require the approval of the Board of Directors.

Capital investments totalling EUR 48.9 million were approved in the first half of 2018 (EUR 39.0 million to 30 June 2017).

### 5. Financial management

Prosegur Cash calculates its net financial debt by deducting cash and cash equivalents and other current financial assets from its total current and non-current external debt (excluding other non-banking debts) plus net derivative financial instruments.

Net financial debt at 30 June 2018 amounted to EUR 441.6 million (EUR 424.1 million at 31 December 2017).

- The net financial debt to equity ratio at 30 June 2018 was 1.58 (1.77 at 31 December 2017)



## 6. Treasury shares

The movements in treasury shares in the first half of 2018 were as follows:

	<b>No. of shares</b>	<b>Millions of euros</b>
<b>Balance at 31 December 2017</b>	<b>787,474</b>	<b>2.13</b>
Sale of own shares	3,827,009	9.38
Purchase of own shares	(3,661,263)	(9.25)
<b>Balance at 30 June 2018</b>	<b>953,220</b>	<b>2.26</b>

## 7. Environment

As of June 30, 2018 Prosegur Cash had made no provision for environmental contingencies, legal claims or revenues and expenses of this nature.

## 8. Alternative Performance Measures

In compliance with the ESMA Guidelines on APMs, Prosegur Cash discloses additional information in order to improve the comparability, reliability and/or comprehensibility of its financial information. The Company presents its financial statements in accordance with generally accepted accounting standards (IFRS). However, the Directors consider that certain Alternative Performance Measures provide additional useful financial information that should be taken into account when assessing its performance. The Directors also use these APMs when taking financial, operational and planning decisions, and when evaluating the Company's performance. Prosegur Cash provides those APMs it considers users will find appropriate and useful for making decisions, and the Directors firmly believe that they present a true and fair view of its financial position.

PROSEGUR CASH, S.A. AND SUBSIDIARIES

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.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Adjusted EBIT Margin	Adjusted EBIT Margin is calculated as results from operating activities, after eliminating the results that can not be assigned to any segment, divided by total revenue.	Adjusted EBIT Margin provides a view of the company's operating pure results in comparison with the accrued revenue.
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Cash Flow Conversion	The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.	Cash Flow Conversion provides the capacity of cash generation of the company.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

PROSEGUR CASH, S.A. AND SUBSIDIARIES

<b>Working Capital</b> (Millions of Euro)	<b>30.06.2018</b>	<b>31.12.2017</b>
Non-Current Assets held-for-sale	20.9	45.6
Inventories	13.0	6.1
Trade and other receivables	352.5	383.6
Current receivables with Prosegur group companies	21.3	18.1
Current tax assets	67.0	106.0
Cash and cash equivalents	259.5	317.8
Deferred tax assets	34.7	37.3
Trade and other payables	(254.3)	(314.4)
Current tax liabilities	(39.8)	(105.0)
Financial liabilities	(54.1)	(77.5)
Current payables with Prosegur group companies	(43.3)	(48.4)
Liabilities held-for-sale	(20.9)	(26.8)
Other current liabilities	(17.2)	(14.6)
Deferred tax liabilities	(29.3)	(26.5)
Provisions	(117.5)	(132.8)
<b>Total Working Capital</b>	<b>192.5</b>	<b>168.5</b>

<b>Adjusted EBIT Margin</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
EBIT	158.6	256.8
Less: items not assigned	-	84.8
Adjusted EBIT	158.6	172.0
Revenues	883.2	964.2
<b>Adjusted EBIT Margin</b>	<b>18.0%</b>	<b>17.8%</b>

<b>Organic Growth</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
Revenues for current year	883.2	964.2
Less: Revenues for the previous year	964.2	787.9
Less: Inorganic Growth	16.8	10.0
Effect of exchange rate fluctuations	(186.0)	38.2
<b>Total Organic Growth</b>	<b>88.2</b>	<b>128.1</b>

<b>Inorganic Growth</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
Grupo Contesta	9.1	-
Tellex	3.1	-
Toll	-	8.1
Others	4.6	1.9
<b>Total Inorganic Growth</b>	<b>16.8</b>	<b>10.0</b>

<b>Effect of exchange rate fluctuations</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
Revenues for current year (constant exchange rate 2015)	883.2	964.2
Less: Revenues for the current year at exchange rates of previous year	1,069.2	926.0
<b>Effect of exchange rate fluctuations</b>	<b>(186.0)</b>	<b>38.2</b>

<b>Cash Flow Conversion Rate</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
EBITDA	191.9	289.9
Less: items not assigned	-	84.8
Adjusted EBITDA	191.9	205.1
CAPEX	43.0	48.1
<b>Cash Flow Conversion Rate</b> (adjusted EBITDA - CAPEX/ adjusted EBITDA)	<b>78%</b>	<b>77%</b>

<b>Net Financial Debt</b> (Millions of Euro)	<b>30.06.2018</b>	<b>31.12.2017</b>
Financial liabilities	739.5	774.5
Adjusted financial liabilities <b>(A)</b>	739.5	774.5
Not assigned financial liabilities with group companies <b>(B)</b>	-	-
Cash and cash equivalents	(259.5)	(317.8)
Less: adjusted cash and cash equivalents <b>(C)</b>	(259.5)	(317.8)
Less: not assigned current investments in group companies <b>(D)</b>	-	(23)
<b>Total Net Financial Debt (A+B+C+D)</b>	<b>480.0</b>	<b>433.5</b>
Less: Treasury shares <b>(E)</b>	(2.3)	(2.1)
<b>Total Net Financial Debt including treasury shares (A+B+C+D+E)</b>	<b>477.7</b>	<b>431.4</b>
Less: other non-bank payables <b>(F)</b>	(38.4)	(9.4)
Treasury shares	2.3	2.1
<b>Total Net Financial Debt</b> (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) <b>(A+B+C+D+F)</b>	<b>441.6</b>	<b>424.1</b>

<b>EBITA</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
Consolidated profit for the year	111.5	194.4
Loss from discontinued operation, net of tax	0.8	-
Income tax expenses	55.6	66.3
Net finance income / costs	9.3	4.0
Amortizations	7.4	8.0
<b>EBITA</b>	<b>166.0</b>	<b>264.8</b>

<b>EBITDA</b> (Millions of Euro)	<b>30.06.2018</b>	<b>30.06.2017</b>
Consolidated profit for the year	111.5	194.4
Loss from discontinued operations, net of tax	0.8	-
Income tax expenses	55.6	66.3
Net finance income / costs	9.3	4.0
Depreciation and amortization	33.3	33.2
<b>EBITDA</b>	<b>191.9</b>	<b>289.9</b>

## 9. Events after the end of the reporting period

Prosegur, through its subsidiary Prosegur Global CIT Row S.L.U., has effected a business combination in July 2018, acquiring 51% of the ATPI group. This group is based in the Philippines and is mainly engaged in the management and cash transportation.

On 9 July 2018 Prosegur has also effected a business combination whereby it acquired 100% control of the Brazilian

company Logmais. Through this operation, Prosegur Brasil, S.A. entered into the correspondent banking market, under the cash business segment.

The hyperinflation is based on indicators relating to the economic climate in Argentina, including a cumulative inflation rate of over 100% over the last three years. The Group is currently assessing the impacts to be recognised following Argentina's designation as a hyperinflationary economy.

## **DECLARATION OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2018**

The members of the Board of Directors of Prosegur Cash, S.A. declare that, to the best of their knowledge, the selected financial information presented for Prosegur Cash, S.A. and the condensed consolidated interim financial statements of Prosegur Cash, S.A. and its subsidiaries for the first six months of 2018, approved by the Board of Directors at its meeting of 25 July 2018, and prepared in compliance with applicable accounting principles, provide a true and fair view of the equity, financial position and results of operations of Prosegur Cash, S.A. and the subsidiaries included in its scope of consolidation, taken as a whole, and that the corresponding interim management reports contain a reliable analysis of the required information.

Madrid, 25 July 2018

Mr. Christian Gut Revoredo  
Chairman

Mr. Pedro Guerrero Guerrero  
Deputy chairman

Mr. José Antonio Lasanta Luri  
Executive Director

Mrs.Chantal Gut Revoredo  
Director

Mr. Antonio Rubio Merino  
Director

Mr. Claudio Aguirre Pemán  
Director

Mrs. María Benjumea Cabeza de Vaca  
Director

Mrs. Ana Inés Sainz de Vicuña Bemberg  
Director

Mr. Daniel Guillermo Entrecanales Domecq  
Director

Statement attesting that the Board of Directors of Prosegur Cash, S.A. at its meeting of 25 July 2018 authorised for issue the Interim Financial Report for the first half of 2018, comprising the following documents: selected individual financial disclosures, selected consolidated financial disclosures, the condensed consolidated interim financial statements and the management report of Prosegur Cash, S.A. and its subsidiaries, and the Directors' declaration of responsibility, all corresponding to the first half of 2018 and unanimously authorised for issue by the Company's Board of Directors in accordance with article 35 of Law 24/1988, of 27 July, on the Securities Market, at the meeting held on said date.

The aforementioned documents, which form a single text, are presented on the obverse of the sheets preceding this statement, numbered sequentially and individually signed by the Secretary of the Board of Directors and bearing the Company's seal.

In compliance with the legislation applicable to the Company, the Directors forming the Board of Directors at this date, sign this, the last page in this document, as witnessed by me, the Secretary of the Board of Directors, in Madrid on 25 July 2018.

Signed:

Mrs. María del Mar Oña López  
(Secretary non-Board Member)

Mr. Christian Gut Revoredo  
Chairman

Mr. Pedro Guerrero Guerrero  
Deputy chairman

Mr. José Antonio Lasanta Luri  
Executive Director

Mrs. Chantal Gut Revoredo  
Director

Mr. Antonio Rubio Merino  
Director

Mr. Claudio Aguirre Pemán  
Director

Mrs. María Benjumea Cabeza de Vaca  
Director

Mrs. Ana Inés Sainz de Vicuña Bemberg  
Director

Mr. Daniel Guillermo Entrecanales Domecq  
Director