PROSEGUR CASH, S.A.

Auditors' Report, Annual Accounts and Directors'
at 31 December 2018

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

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I. PROFIT AND LOSS ACCOUNTS CORRESPONDING TO THE FINANCIAL YEARS ENDED AT 31 DECEMBER 2018 AND 2017

(Expressed in thousands of EUR)

	Notes	2018	2017
Net turnover	**3**	**161,789**	**156,492**
Dividend received		147,500	144,000
Loan interest income		2,887	2,825
Provision of services		11,402	9,667
Works carried out by the Company for assets		**-**	**70**
Other operating income		**92**	**-**
Non-core and other operating revenues		92	-
Personnel Expenses	**3**	**(4,892)**	**(5,796)**
Wages, salaries and similar charges.		(4,281)	(5,232)
Social security obligations		(611)	(564)
Other operating expenses		**(8,281)**	**(8,465)**
External services	**3**	(7,377)	(7,516)
Taxes		(153)	(105)
Other Ordinary Expenses		(751)	(844)
Fixed assets deterioration	**6 and 7**	**(2,827)**	**(2,596)**
EBIT		**145,881**	**139,705**
Finance income	**4**	**198**	**76**
Third parties		198	76
Finance expenses	**4**	**(15,355)**	**(15,819)**
From payables to Group companies		(4,519)	(5,134)
From payables to third-parties		(10,836)	(10,685)
Exchange differences	**4**	**1,611**	**(2,291)**
NET FINANCE INCOME		**(13,546)**	**(18,034)**
PROFIT BEFORE TAX		**132,335**	**121,671**
Income tax	**15**	3,283	5,484
PROFIT/(LOSS) FOR THE YEAR		**135,618**	**127,155**

The accompanying notes form an integral part of the annual accounts for 2018.

II. BALANCE SHEET AT 31 DECEMBER 2018 AND 2017

(Expressed in thousands of EUR)

ASSETS	Note	2018	2017
NON-CURRENT ASSETS		**949,638**	**949,504**
Intangible Assets	**6**	**7,913**	**7,641**
Trademarks, licences, patents and others similar		1,548	1,417
Computer software		2,925	2,341
Other Intangible assets		3,440	3,883
Property, Plant and Equipment	**7**	**255**	**216**
Technical facilities and other property, plant and equipment		255	216
Long-term investments in Group companies and associates	**8**	**940,545**	**940,545**
Equity instrument		940,545	940,545
Deferred tax assets	**15**	**925**	**1,102**
CURRENT ASSETS		**314,858**	**384,356**
Trade and other receivables		**23,369**	**32,626**
Clients, Group companies and associates	**9**	18,125	27,876
Sundry Debtors	**9**	497	97
Personnel	**9**	5	12
Public entities, other receivables	**15**	4,742	4,641
Short-term investments in Group companies and associates		**288,583**	**261,099**
Loans to companies	**9**	267,700	252,519
Other financial assets	**9**	20,883	8,580
Short-term deferrals		**620**	**641**
Cash and cash equivalents	**11**	**2,286**	**89,990**
Cash and other Cash Equivalents		2,286	89,990
TOTAL ASSETS		**1,264,496**	**1,333,860**

The accompanying notes form an integral part of the annual accounts for 2018.

(Expressed in thousands of EUR)

NET EQUITY AND LIABILITIES	Notes	2018	2017
EQUITY		**70,120**	**53,146**
Shareholders' equity		**70,120**	**53,146**
Subscribed capital	**12**	**30,000**	**30,000**
Subscribed capital		30,000	30,000
Reserves	**12**	**24,495**	**5,518**
Legal and statutory reserves.		6,000	518
Other reserves		18,495	5,000
(Own shares and equity holdings)	**12**	**(1,943)**	**(2,127)**
Profit for the year	**5**	**135,618**	**127,155**
(Dividend on account)	**5**	**(118,050)**	**(107,400)**
NON-CURRENT LIABILITIES		**610,537**	**612,289**
Non-current provisions		**1,296**	**-**
Obligations for long term personnel benefits	**25.9**	1,296	-
Long-term debts	**13**	**609,241**	**612,288**
Bonds and other marketable securities		592,438	594,117
Debts with credit institutions		16,803	18,171
Deferred tax liabilities		**-**	**1**
CURRENT LIABILITIES		**583,839**	**668,425**
Short-term debts	**13**	**95,050**	**20,507**
Bonds and other marketable securities		8,872	-
Debts with credit institutions		61,830	125
Other financial liabilities		24,348	20,382
Short-term payables to Group companies and associates	**13**	**474,998**	**628,233**
Trade and other payables		**13,791**	**19,685**
Suppliers, Group companies and associates	**13**	4,578	8,087
Sundry accounts payable	**13**	4,736	3,661
Personnel (salaries payable)	**13**	2,690	5,230
Public entities, other payables	**15**	1,787	2,707
TOTAL EQUITY AND LIABILITIES		**1,264,496**	**1,333,860**

The accompanying notes form an integral part of the annual accounts for 2018

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Expressed in thousands of EUR)

	Note	2018	2017
Profit/(losses) in the Profit and Loss Account	5	135,618	127,155
Total comprehensive income		**135,618**	**127,155**

The accompanying notes form an integral part of the annual accounts for 2018.

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Expressed in thousands of EUR)

	Share capital Subscribed (Note 12)	Reserves (Note 12)	(Own shares and equity holdings) (Note 12)	Profit for the year (Note 5)	(Dividend on account) (Note 5)	TOTAL
BALANCE AT YEAR END 2016	**30,000**	**-**	**-**	**5,181**	**-**	**35,181**
Recognised income and expense	**-**	**-**	**-**	**127,155**	**-**	**127,155**
Operations with partners or owners	**-**	**5,518**	**(2,127)**	**(5,181)**	**(107,400)**	**(109,190)**
(-) Dividend distribution	-	22	-	-	(107,400)	(107,378)
Operations with own stocks or shares (net)	-	315	(2,127)	-	-	(1,812)
Distribution of profit	-	5,181	-	(5,181)	-	-
BALANCE AT YEAR END 2017	**30,000**	**5,518**	**(2,127)**	**127,155**	**(107,400)**	**53,146**
Total comprehensive income	**-**	**-**	**-**	**135,618**	**-**	**135,618**
Operations with partners or owners	**-**	**18,977**	**184**	**(127,155)**	**(10,650)**	**(118,644)**
(-) Dividend distribution	-	-	-	-	(118,050)	(118,050)
Operations with own stocks or shares (net)	-	(778)	184	-	-	(594)
Distribution of profit	-	19,755	-	(127,155)	107,400	-
BALANCE AT YEAR END 2018	**30,000**	**24,495**	**(1,943)**	**135,618**	**(118,050)**	**70,120**

The accompanying notes form an integral part of the annual accounts for 2018

IV. CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

The accompanying notes form an integral part of the annual accounts for 2018.

(Expressed in thousands of EUR)

	Note	2018	2017
Pre-tax financial year profit		**132,335**	**121,671**
Adjustments made to results		**(131,127)**	**(123,369)**
Fixed assets deterioration (+)	6 and 7	2,827	2,596
Finance income (-)	4	(198)	(76)
Dividend received (-)	3	(147,500)	(144,000)
Finance expenses (+)	4	15,355	15,820
Exchange differences (+/-)	4	(1,611)	2,291
Changes in current capital		**(32,023)**	**(21,216)**
Customers and other receivables (+/-)		(494)	(28,778)
Other current assets (+/-)		(26,931)	(2,480)
Trade and other payables (+/-)		(5,894)	11,144
Other non-current assets and liabilities (+/-)		1,296	(1,102)
Other cash flows from operating activities		**6,862**	**(6,079)**
Interest payments (-)		(10,836)	(10,207)
Dividend collection (+)		17,500	3,483
Interest collection (+)		198	645
Cash flows from operating activities		**(23,953)**	**(28,993)**
Payment for investments (-)		**(93,095)**	**(8,047)**
Group companies and associates		(88,124)	(4,971)
Intangible Assets		(4,840)	(3,029)
Property, Plant and Equipment		(131)	(47)
Collections from disposal of investments (+)		**52,994**	**130,754**
Group companies and associates		52,994	130,754
Cash flows from investing activities		**(40,101)**	**122,707**
CASH FLOWS FROM FINANCING ACTIVITIES		**(23,650)**	**(3,724)**
Collections and payments for equity instruments		**(594)**	**(1,812)**
Collections and payments for equity instruments	11	184	(2,127)
Purchases of equity instruments (-)		(778)	-
Sale of equity instruments (+)		-	315
Collections and payments for liability instruments		**71,496**	**41,048**
Issue		71,496	1,116,495
Debentures and similar securities (+)	17	7,193	594,117
Debts with credit institutions (+)		60,337	18,296
Loans to Group companies and associates (+)		-	504,082
Other payables (+)		3,966	-
Repayment and amortisation of		-	(1,075,447)
Debentures and similar securities (-)		-	(625,883)
Loans to Group companies and associates (-)		-	(449,564)
Dividends payable and remunerations from other equity instruments		**(94,552)**	**(42,960)**
Dividends (-)		(94,552)	(42,960)
Cash flows from financing activities		**(23,650)**	**(3,724)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(87,704)**	**89,990**
Cash and equivalents at the beginning of the year		89,990	-
Cash and equivalents at the end of the year		2,286	89,990

The accompanying notes form an integral part of the annual accounts for 2018

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DE DECEMBER 2018

1 General Information

Prosegur Cash, S.A., (hereinafter, the Company) is a company belonging to the Prosegur Group. It is the parent Company of a Group of companies in accordance with current legislation (hereinafter the Prosegur Cash Group). The registered offices of Prosegur Cash, S.A. are in Madrid at Calle Santa Sabina number 8, Madrid (Spain). It was incorporated on 22 February 2016 and is registered in the Mercantile Register of Madrid, in volume 34,442, page 34, section 8, page number M-619528, entry 1.

The Company is a subsidiary controlled by the Spanish company Prosegur Compañía de Seguridad, S.A. (hereinafter, Prosegur), which currently owns 51% of its shares, indirectly controlling another 21.5% via its 100%-owned investee Prosegur Assets Management, S.L.U., consolidating both the Company and its subsidiaries in its financial statements (hereinafter, Prosegur Group).

On 17 March 2017, the Company shares began trading at EUR 2 per share in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia via the Spanish Stock Exchange Interconnection System (SIBE). On 7 April 2017, the Green Shoe period of the stock market flotation ended, and the free float attained 27.5% of the share capital of Company.

The corporate purpose is described in Article 2 of its Articles of Association and it is the following:

Provision of securities logistics services and cash management, including the following activities:

1. National and international transport services (by land, sea and air) of funds and other valuables (including jewellery, artworks, precious metals, electronic devices, voting ballots, legal evidence), including collection, transport, custody and deposit services;

2. Processing and automation of cash (including counting, processing and packaging, as well as coin recycling, cash flow control and monitoring systems);

3. Comprehensive ATM solutions (including planning, loading, monitoring, first- and second-tier maintenance and balancing);

4. Cash planning and forecasting for financial institutions;

5. Self-service cash machines – smart cash (including cash deposits, recycling services and dispensing of bank notes and coins, and payment of invoices); and

6. Added-value outsourcing services (AVOS) for banks (including outsourcing of tellers, multi-agency services, cheque processing and related administrative services).

The activities comprising the corporate purpose can also be performed indirectly by the Company, by means of the shareholding in other companies of an identical or similar corporate purpose. The main activity of the Company in 2018 corresponds to that of group company holding, with its income coming from group companies, mainly relating to dividends and services.

The Company's statutory activity does not include activities expressly restricted by law to entities that comply with special requirements not met by the Company, particularly financial brokerage activities that are restricted by financial legislation governing collective investment undertakings and the securities market law and supplementary provisions applicable to collective investment undertakings.

In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to present fairly the financial position of the Group Prosegur Cash, the results of operations and changes in its equity and cash flows.

The directors prepare the consolidated annual accounts of the Group Prosegur Cash, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2018. The consolidated annual accounts were drawn up by the Board of Directors, together with these individual annual accounts, on 26 February 2018 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Companies Register of Madrid.

The consolidated annual accounts of Prosegur Cash, S.A. and its subsidiaries for 2018 present consolidated profit of EUR 167,037 thousand (EUR 304,874 thousand in 2017) and consolidated equity of EUR 237,668 thousand (EUR 263,789 thousand in 2017).

2 Basis of Presentation

a) Fair image

The annual accounts have been in accordance with mercantile legislation in force and the rules established in the General Chart of Accounts approved by Royal Decree 1514/2007, in order to reflect a true and fair image of the equity, financial situation and results of the Company, as well as the veracity of the cash flows shown in the cash flow statement.

b) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the annual accounts, in addition to the figures for financial year 2018, the annual accounts show those pertaining to the previous year, those of 2017, approved by the General Shareholders' Meeting at 28 May 2018.

c) Functional currency

The figures disclosed in the annual accounts are expressed in thousands of EUR, the presentation currency, rounded off to the nearest thousand.

d) Going concern

As of 31 December 2018, the Company has a negative working capital of EUR 268,981 thousand (EUR 284,069 thousand at 31 December 2017). As indicated in Note 1, the Company is the head of the Prosegur Cash Group, which at 31 December 2018 presented a positive working capital of EUR168,724 thousand (EUR 284,957 thousand at 31 December 2017) in the consolidated annual accounts. The Company also has the capacity to generate future cash flows via the management of its subsidiaries' dividends. Additionally, as of 31 December 2018, the Group presents a consolidated result attributable to Prosegur Cash, S.A. as Parent Company of EUR 167,037 thousand (EUR 304,874 thousand at 31 December 2017). Finally, as indicated in Notes 19 and 22 of the consolidated annual accounts of the Prosegur Cash Group, at 31 December 2018, the Group companies had available treasury of EUR 273,756 thousand and had been granted undrawn additional financing of EUR 404,624 thousand (EUR 317,777 thousand and EUR 491,917 thousand as of 31 December 2017, respectively).

Taking these facts into consideration, the Company's directors have prepared these annual accounts on the ongoing management principle.

e) Critical issues regarding the valuation and estimation of relevant uncertainties

Preparation of the annual accounts requires the Company to make certain estimates and judgements concerning the future. These are evaluated constantly and based on historical experience and other factors, including expectations of future events that are considered reasonable under certain circumstances.

Although estimates are calculated by the Company's directors based on the best information available at year end, future events may require changes to these estimates in subsequent years. Any effect on the balance sheet of adjustments to be made in subsequent years would be recognised prospectively.

The estimates and judgements that present significant risk of a material adjustment to the carrying amounts of assets and liabilities in the subsequent reporting period are as follows:

Investments in group companies

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the carrying amount of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on four year projections of the budgets approved by Management. The cash flows take into account past experience and represent Management’s best estimate of future market performance. Cash flows as of four years are extrapolated using individual growth rates. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, average weighted rate of capital andtax rates.

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3 Income and Expenses

a) Net turnover

Details of net turnover by category of activity and geographical area are as follows:

	Thousands of Euros							
	2018							
	National		Rest of Europe		Rest of the World		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Group companies and associates								
- Dividend received	147,500	144,000	-	-	-	-	147,500	144,000
- Loan interest income	1,713	1,386	620	1,184	554	255	2,887	2,825
- Provision of services	(8,095)	(12,500)	2,470	630	17,027	21,537	11,402	9,667
Total	**141,118**	**132,886**	**3,090**	**1,814**	**17,581**	**21,792**	**161,789**	**156,492**

Dividend received under this category was considered taking into account the condition of the holding company (Note 1).

In the provision of services, income and expenditure corresponding to centralised services and brand assignment services were considered, which implies that their distribution by geographical area is negative in the Country (Note 18).

b) Wages, salaries and similar charges.

The breakdown of personnel expenses in 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	**2017**
Salaries and wages	4,281	5,232
Social security obligations	611	564
Total	**4,892**	**5,796**

The 2017 and 2020 long-term incentive plans for Executive Director and Senior Management (Note 25.9), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2018 commitment amounting to EUR 1,852 thousand (EUR 2,082 thousand in 2017).

The breakdown of Social security obligations in 2018 and 2017 are as follows:

	Thousands of Euros	
	2018	**2017**
Social Security Payable by the Company	548	497
Other employee benefits expenses	63	67
Total	**611**	**564**

c) External services

The breakdown of external services in 2018 and 2017 are as follows:

The maintenance expense of the Company's software is included under Other repairs and conservation.

	Thousands of Euros	
	2018	2017
Leases and levies	138	139
Repairs and conservation	905	843
Independent Professional Services	5,233	5,807
Transport	20	-
Insurance premiums	214	135
Banking and similar services	92	413
Advertising, publicity and public relations	192	66
Supplies	120	84
Other services	463	29
Total	**7,377**	**7,516**

The category of Independent professional services mainly includes the expenses for services of identification and capture of business opportunities, as well as IT technical assistance.

4 Net Finance Income

The breakdown of financial income and expenses in 2018 and 2017 are as follows:

	Thousands of Euros	
	2018	2017
Finance income	**198**	**76**
Third parties	198	76
Finance expenses	**(15,355)**	**(15,819)**
From payables to Group companies (Note 18)	(4,519)	(5,134)
From payables to third-parties	(10,836)	(10,685)
Exchange differences	**1,611**	**(2,291)**
Net Finance Income	**(13,546)**	**(18,034)**

The item from which the exchange difference comes is as follows:

	Thousands of Euros	
	2018	2017
Loans to Group companies and associates	1,611	(2,291)
	1,611	**(2,291)**

5 Profit for the year

On the date these annual accounts are authorised for issue, the directors will propose to the shareholders at their general meeting that profit for the year be distributed as follows:

	Thousands of Euros	
	2018	**2017**
Basis of allocation		
Profit and losses	135,618	127,155
Total	**135,618**	**127,155**
Allocation		
Legal reserve	-	5,482
Voluntary reserves	17,568	14,273
Dividends on account	118,050	107,400
Total	**135,618**	**127,155**

The General Shareholders' Meeting of 26 April 2018 approved the application of the 2017 result, in which a dividend is paid to an ordinary account approved by virtue of the resolution of the Board of Directors in meeting on 18 December 2017, amounting to EUR 107,400 thousand, EUR 0.0716 per share, considering that the share capital at the date of the aforementioned Board of Directors was divided into 1,500 million shares. Shareholders received 40% of the approved dividend, amounting to EUR 42,690 thousand, on 27 December 27 2017. The remainder was paid in March, June and September 2018, in equal instalments of EUR 21,480 thousand each.

In meeting on 19 December 2018, the Board of Directors approved the distribution of a regular dividend on account of the profits of 2018 of EUR 0.07870 gross per share, which implies a maximum total dividend of EUR 118,050 thousand (considering that the current share capital is divided into 1,500 million shares). This dividend will be distributed to shareholders as four payments, in December 2018 and March, June and September 2019. Each payment is calculated as EUR 0.019675 per outstanding share at the payment date.

As of 31 December 2018, a debt for dividends payable in 2019 is held for EUR 88,538 thousand, which is presented in current liabilities in other accounts payable under the heading of suppliers and other financial liabilities for an amount of EUR 24,348 thousand and in the heading of payables to group companies and associates for EUR 64,190 thousand.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed as dividends out the maximum total agreed for the year 2018 is reflected in "Other operations with own stocks or shares" of the statement of changes in equity for an amount of EUR 64 thousand.

The provisional accounting statement presented by the Board of Directors in accordance with the legal requirements that evidenced the lack of sufficient liquidity to pay the aforementioned interim dividend is set forth below:

	Thousands of Euros
	2018
1. Initial cash on hand (before the interim dividend)	13,732
2. Group current bank account balances	(150,198)
3. Proceeds Pending	514
4. Proceeds through Financial Transactions	300,000
5. Payments for Current Operations	(4,899)
6. Payments for Financial Operations	(7,497)
7. Extraordinary Payments	(1,948)
Forecast Cash	**149,704**
Less dividend payments according to the proposal	**(118,050)**
Final cash after dividends	**31,654**

6 Intangible Assets

The composition and movements in the accounts of intangible fixed assets were as follows:

	Thousands of Euros			
	Licences	**Computer software**	**Other Intangible assets**	**Total**
Cost				
Balance at 1 January 2017	**1,576**	**4,355**	**1,891**	**7,822**
New Additions	347	215	2,467	3,029
Write offs	-	(2)	(5)	(7)
Transfers	-	130	(130)	-
Balance at 31 December 2017	**1,923**	**4,698**	**4,223**	**10,844**
New additions	411	420	2,176	3,007
Transfers	-	2,244	(2,244)	-
Balance at 31 December 2018	**2,334**	**7,362**	**4,155**	**13,851**
Depreciation and amortisation				
Balance at 1 January 2017	**(107)**	**(586)**	**-**	**(693)**
Amortisation for the year	(399)	(1,771)	(340)	(2,510)
Balance at 31 December 2017	**(506)**	**(2,357)**	**(340)**	**(3,203)**
Amortisation for the year	(280)	(2,080)	(375)	(2,735)
Balance at 31 December 2018	**(786)**	**(4,437)**	**(715)**	**(5,938)**
Carrying amount				
At 31 December 2017	**1,417**	**2,341**	**3,883**	**7,641**
At 31 December 2018	**1,548**	**2,925**	**3,440**	**7,913**

a) Description of the main movements

The most significant additions and transfers of intangible fixed assets in 2018 correspond to the addition of computer applications such as PR5345 BPM Mortgage Flow Developments Project for AVOS for EUR 328 thousand, PR5125 DEVICE MANAGER Development for EUR 302 thousand, PR5488 My Agenda Project for EUR 294 thousand, PR5126 Evolutionary GAP for EUR 266 thousand, PR5135 Evolutionary 17 SWITCHING Date Value for EUR 259 thousand, PR5209 QA CASH Evolutionary Project for EUR 124 thousand, the remaining additions correspond to the development of applications or projects and their implementation amounting to EUR 1,091 thousand.

Also in the intangible fixed assets we can mention the additions in 2018 of AXWAY Licences for WUR 234 thousand, INTELLIMATCH Tool licences for EUR 100 thousand, CORPOINT DEPOSIT MANAGER licence for EUR 65; the rest correspond to the addition of Digital Certificates and Microsoft Licences for EUR 11 thousand.

The most significant additions to intangible fixed assets in progress correspond entirely to DTI computer applications and IT development projects, of which we can mention PR5489 Switching-Value Date for EUR 330 thousand, PR5487 Integration CASH devices for EUR 320 thousand, PR5485 Evolutionary GAP Project for EUR 303 thousand, PR5484 Evolutionary DEVICE MANAGER for EUR 276 thousand, PR5823 Business Flows for the INNOVACION platform for EUR 175 thousand, PR5966 Cash Centres-Development module Treasury Balances for EUR 150 thousand and PR5518 QA CASH Evolutionary Project for EUR 149 thousand.

There are no significant write-offs of property, plant and equipment in 2018.

The most significant additions and transfers of intangible fixed assets in 2017 corresponded to the addition of computer applications, such as EVOL-SIP2000 CASH-Release 2017 for EUR 111 thousand, Evolutivo-LVGE for EUR 179 thousand and PRY-AVOS-Web Productivity Development project for EUR 20 thousand. The remaining additions corresponded to the development of applications or projects and their implementation. The main ones of 2017 were the Active Matrix BPM licence for EUR 220 thousand, and the Corpoint Deposit Manager licence for EUR 80 thousand. The remaining correspond to Digital Certificates and Microsoft Licences for EUR 46 thousand.

The most significant additions in the other intangible fixed assets in progress corresponded entirely to applications and IT development projects, of which we can mention GAP Application Evolutionary Development Maintenance for EUR 302 thousand, BPM Mortgage Flows Development Project for AVOS for EUR 328 thousand, GAP Evolutionary Project for EUR 266 thousand, 17 Switching Value Date Evolutionary Project for EUR 145 thousand and QA CASH Evolutionary Project for EUR 124 thousand.

b) Licences

Details of licences at year end are as follows:

			Thousands of Euros			
			2018			
Description and operation	Expiry date	Amortisation period	Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
Licences - Software	2017	1 years	-	172	172	-
Licences - Software	2018	1 years	33	97	86	11
Licences - Software	2027	10 years	12	56	30	26
Licences - Software	2028	10 years	36	220	87	133
Licences - Software	2019	10 years	120	825	287	538
Licences - Software	2030	10 years	21	206	50	156
Licences - Software	2031	10 years	34	347	50	297
Licences - Software	2027	10 years	24	411	24	387
			280	**2,334**	**786**	**1,548**

			Thousands of Euros			
			2017			
Description and operation	Expiry date	Amortisation period	Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
Licences - Software	2017	1 years	158	172	158	14
Licences - Software	2018	1 years	2	2	52	(50)
Licences - Software	2027	10 years	37	97	18	79
Licences - Software	2028	10 years	12	57	51	6
Licences - Software	2019	10 years	36	219	165	54
Licences - Software	2030	10 years	119	822	46	776
Licences - Software	2031	10 years	21	209	16	193
Licences - Software	2027	10 years	14	345	-	345
			399	**1,923**	**506**	**1,417**

c) Fully amortised intangible assets

The intangible assets fully amortised as of31 December 2018 are the following:

	Thousands of Euros	
	2018	2017
Computer software	1,036	-
Licences	196	-
Other intangible assets	421	-
	1,653	-

d) Other disclosures

During 2018, there were no intangible asset acquisitions from group companies and in 2017 there were no others other than those indicated in point a) above.

At 31 December 2018 and 2017 the Company has no intangible fixed assets subject to title restrictions or pledged as security for liabilities.

7 Property, Plant and Equipment

The composition and movements of the accounts of property, plant and equipment were as follows:

	Thousands of Euros			
	Technical installations and machinery	**Other install., equipment and furniture**	**Other property, plant and equipment**	**Total**
Cost				
Balance at 1 January 2017	**7**	**21**	**258**	**286**
New Additions	22	4	21	47
Balance at 31 December 2017	**29**	**25**	**279**	**333**
New additions	53	64	15	132
Balance at 31 December 2018	**82**	**89**	**294**	**465**
Depreciation and amortisation				
Balance at 1 January 2017	**-**	**(1)**	**(30)**	**(31)**
Depreciation and amortisation	(3)	(3)	(80)	(86)
Balance at 31 December 2017	**(3)**	**(4)**	**(110)**	**(117)**
Depreciation and amortisation	(9)	(7)	(77)	(93)
Balance at 31 December 2018	**(12)**	**(11)**	**(187)**	**(210)**
Carrying amount				
At 31 December 2017	**26**	**21**	**169**	**216**
At 31 December 2018	**70**	**78**	**107**	**255**

a) Description of the main movements

The most significant additions of property, plant and equipment in 2018 correspond to Glory machinery, SDM-100 cash deposit for EUR 53 thousand, Addition of installations in the Doctor Esquerdo Building for EUR 64 thousand and the addition of information and telephony processing equipment for EUR 15 thousand.

There are no write-offs in property, plant and equipment in 2018

The most significant additions of property, plant and equipment in 2017 corresponded to a smart cash for EUR 22 thousand and computer equipment for EUR 20 thousand.

b) Fully depreciated property, plant and equipment

The items of property, plant and equipment fully depreciated as 31 December 2018 are as follows:

	2018	**2017**
Technical installations and machinery	1	-
Other property, plant and equipment	48	-
	49	**-**

c) Other disclosures

In 2018, there were no property, plant and equipment purchases from group companies and in 2017 there were none from group companies.

At 31 December 2018 and 2017 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

8 Long-term investments in equity instruments of Group companies, jointly controlled companies and associates

Details of the movements in investments in group companies, jointly controlled companies and associates are as follows:

	Thousands of Euros
	Non-current
Balance at 1 January 2017	940,545
Balance at 31 December 2017	**940,545**
Balance at 31 December 2018	**940,545**

Investments in group companies as of 31 December 2018 and 2017 include direct investments in the share capital of the following companies:

	Thousands of Euros	
Company	**2018**	**2017**
Prosegur Global CIT, S.L.U.	763,904	763,904
Prosegur Global CIT ROW, S.L.U.	176,641	176,641
Cía Transportadora de Valores Prosegur Colombia, S.A.	-	-
	940,545	**940,545**

From the incorporation of the Company and until the date of the Balance Sheet on 31 December 2018 the following operations were carried out:

a) New Additions

During the 2018, the operations were as follows:

Cía Transportadora de Valores Prosegur Colombia, S.A.

On 10 May 2018 the Company participated in the capital increase of the Colombian Cía Transportadora de Valores Prosegur Colombia, S.A. for EUR 0.04.

On 23 July 2018 the Company participated in the capital increase of the Colombian Cía Transportadora de Valores Prosegur Colombia, S.A. for EUR 0.02.

In 2017, the operations were as follows:

Cía Transportadora de Valores Prosegur Colombia, S.A.

On 20 November 2017 the Company subscribed the capital increase of the Colombian Cía Transportadora de Valores Prosegur Colombia, S.A. for EUR 0.09.

The following is a brief description of the contributions that these companies have received, as well as the investments they have made since their creation:

Prosegur Global CIT, S.L.U.:

- On 23 January 2015, Prosegur Compañía de Seguridad, S.A., the parent company of the Prosegur Group, formed the Spanish Prosegur Global CIT, S.L.U. with a capital of EUR 3 thousand, paid in full. This company subsequently received the following capital contributions, and made the following investments:

  - ✓ On 31 July 2015, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 78.07% of the shares of the Chilean company Capacitaciones Ocupacionales Sociedad, Ltda., amounting to EUR 192 thousand, from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 13 November 2015, Prosegur Global CIT, S.L.U. purchased 52.92% of the Brazilian TSR Participaçoes Societarias, S.A., for EUR 120,612 thousand from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 15 February 2016 Prosegur Global CIT, S.L.U. purchased, 55.09% of the shares of the Mexican company Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V., for MXN 7,060 thousand (equivalent to EUR 335 thousand) and 100% of the Mexican company Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V., for MXN 5,253 thousand (equivalent to EUR 249 thousand), from the company Prosegur Compañía México, S. de R.L. de C.V.

  - ✓ On 29 February 2016 Prosegur Global CIT, S.L.U. received the non-monetary contribution of 44.96% of the shares of the Mexican Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. For EUR one, from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 18 April 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 5% of the shares of the Spanish Armor Acquisition, S.A., for EUR 22,103 thousand, from Prosegur Compañía de Seguridad, S.A..

  - ✓ On 29 April 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 80% of the shares of the Mexican Grupo Tratamiento y Gestión de Valores SAPI de CV, amounting to EUR 419 thousand, from Prosegur Compañía de Seguridad, S.A.

  - ✓ On 21 July 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 94.90% of the shares of the Transportadora de Valores Prosegur de Colombia, S.A., for EUR 24,704 thousand, and 99.98% of the shares of the Chilean Servicios Prosegur Ltda , amounting to EUR 50,310 thousand, from Prosegur Compañía de Seguridad, S.A.

  - ✓ On 26 July 2016, Prosegur Global CIT, S.L.U. received the non-monetary contribution of 100% of the shares of the Dutch Malcoff Holdings, B.V., amounting to EUR 610,558 thousand, from Prosegur Compañía de Seguridad, S.A.

Prosegur Global CIT ROW, S.L.U.:

- On 8 May 2015 Prosegur Compañía de Seguridad, S.A., the parent company of the Prosegur Group, brought in the Spanish Prosegur Global CIT ROW, S.L.U. with a capital of EUR 3 thousand, paid in full. This company subsequently received the following capital contributions, and made the following investments:

  - ✓ On November 16, 2015, Prosegur Compañía de Seguridad, S.A underwent a capital increase through the contribution of 100% of the shares of the Spanish Prosegur Servicios de Efectivo España, S.L.U., for EUR 64,093 thousand.

  - ✓ On 30 November 2015, Prosegur Compañía de Seguridad, S.A. underwent a capital increase through the contribution of 100% of the shares of the French Prosegur Participations SAS (formerly Sazias SA), for EUR 31,792 thousand.

  - ✓ On 25 February 2016, Prosegur Compañía de Seguridad, S.A. underwent a capital increase through the contribution of 100% of the shares of the German Prosegur GmbH, for EUR 50,808 thousand.

- ✓ On 25 April 2016, Prosegur Global CIT ROW, S.L.U. purchased 33% of the shares of the South African SBV Services Proprietary Limited, for EUR 19,063 thousand from Prosegur Compañía de Seguridad, S.A.
- ✓ On 6 May 2016, Prosegur Compañía de Seguridad, S.A. underwent a capital increase through the contribution of 100% of the shares of the Portuguese Prosegur Logistica e Tratamiento de Valores Portugal S.A., for EUR 14,246 thousand, and 100% of the Spanish Prosegur AVOS España, S.L., for EUR two.
- ✓ On 9 May 2016, Prosegur Global CIT ROW, S.L.U. purchased 100% of the Australian Prosegur Australia Holdings Pty Limited, for SGD 104,592 thousand (equivalent to EUR 68,311 thousand) from Singpai Pte, Ltd.

b) Write offs

There have been no decreases in investments in group, multi-group and associated companies during the years 2018 and 2017.

c) Impairment

The Company annually evaluates the existence of indicators of impairment of the stakes in group companies and estimates the recoverable value at the closing date of those entities for which there are signs of impairment. The impairment indicator was calculated by comparing the net book value of the stake with the net worth of the investee and the recoverable value of the entities with an impairment indicator was determined considering its value in use for the Cash and Surveillance businesses and based on the fair value for the companies of the alarm business. Based on the analysis made, there was no valuation adjustment for investment impairment in the year. In the 2018 y 2017 financial years no value adjustments were made for investment impairment in group, multi-group and associated companies.

d) Investments in Group companies

Below is the information relating to shares held in Group companies as of 31 December 2018 and 2017:

Name	Registered offices	Business	Shareholding
Prosegur Global CIT, S.L.U.	C/ Pajaritos, 24, Madrid - Spain	Activity linked to the Cash business line	100%
Prosegur Global CIT ROW, S.L.U.	C/ Pajaritos, 24, Madrid - Spain	Activity linked to the Cash business line	100%
Cía Transportadora de Valores Prosegur Colombia, S.A.	Avda. de las Américas, 42-25 Bogotá (Colombia)	Activity linked to the Cash business line	0,0000005%

The breakdown of the shareholders' equity as of 31 December 2018 of the unaudited investments in group companies in which the Company holds 100% of the share capital is as follows:

(Expressed in thousands of EUR)	Share capital	Share premium	Reserves	Profit for the year	Dividend on account
Prosegur Global CIT, S.L.U.	3	708,286	148,831	152,866	(130,000)
Prosegur Global CIT ROW, S.L.U.	3	180,002	4,802	40,464	(17,500)

The breakdown of the shareholders' equity as of 31 December 2017 of the unaudited investments in group companies in which the Company holds 100% of the share capital is as follows:

	Share capital	Share premium	Reserves	Profit for the year	Dividend on account
Prosegur Global CIT, S.L.U.	3	708,286	124,447	168,384	(144,000)
Prosegur Global CIT ROW, S.L.U.	3	180,002	2,633	2,169	-

9 Financial assets by category

Classification of the financial assets by categories

	Thousands of Euros		Thousands of Euros	
	2018		**2017**	
	Current		**Current**	
	At amortised cost or cost		**At amortised cost or cost**	
	Carrying amount	**Total**	**Carrying amount**	**Total**
Loans and receivables				
Loans to Group companies (Note 18)	267,700	267,700	252,519	252,519
Other financial assets (Note 18)	20,883	20,883	8,580	8,580
Clients, Group companies and associates (Note 18)	18,125	18,125	27,876	27,876
Personnel	5	5	12	12
Sundry Debtors	497	497	97	97
Total financial assets	**307,210**	**307,210**	**289,084**	**289,084**

The carrying amount of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

10 Financial investments and commercial debtors

a) Classification by maturities

The classification of financial assets by maturities is as follows:

	Thousands of Euros	
	2018	**2017**
Investments in Group		
Loans to companies	267,700	252,519
Other financial assets	20,883	8,580
	288,583	**261,099**
Trade and other receivables		
Clients, Group companies and associates	18,125	27,876
Personnel	5	12
Sundry Debtors	497	97
	18,627	**27,985**
Total	**307,210**	**289,084**

b) Other information on financial assets

Loans to companies

The breakdown of the main characteristics of the loans as of 31 December 2018 is as follows:

2018

Type	Currency	Interest rate	Maturity date	Par value	Carrying amount (Thousands of Euros) Current
Group and associates					
MIV Gestion, S.A.	EUR	0.75%	31/12/2018	830	830
Prosegur Global CIT, S.L.U	EUR	0.75%	31/12/2018	126,860	126,860
Prosegur Colombia 3, S.L.	EUR	0.75%	31/12/2018	93	93
Prosegur Avos España, S.L.	EUR	0.75%	31/12/2018	31,071	31,071
Prosegur International CIT 1, S.L.U.	EUR	0.75%	31/12/2018	873	873
Inversiones CIT 2, S.L.U.	EUR	0.75%	31/12/2018	5,090	5,090
Prosegur Global CIT ROW, S.L.U.	EUR	0.75%	31/12/2018	47,105	47,105
Prosegur Colombia 2, S.L.	EUR	0.75%	31/12/2018	4,866	4,866
Prosegur Cash Holding France, SAS	EUR	3.25%	31/12/2018	14,344	14,344
Luxpai CIT SARL	EUR	1.00%	31/12/2018	450	450
Prosegur Transportadora de Caudales SA	Uruguayan Peso	5.00%	31/12/2018	2,944	2,944
Prosegur Seguridad Privada Logistica Y Gestion de Efectivo UO	Mexican Peso	7.25%	31/12/2018	48	48
Prosegur Australia Investments	Australian dollar	3.50%	31/12/2018	17,115	17,115
Prosegur Cash Services Germany GMBH	EUR	0.75%	31/12/2018	11,146	11,146
Prosegur Colombia 1 SLU	EUR	0.75%	31/12/2018	4,865	4,865
Total				**267,700**	**267,700**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 18)

The breakdown of the main characteristics of the loans as of 31 December 2017 is as follows:

2017

Type	Currency	Interest rate	Maturity date	Par value	Carrying amount (Thousands of Euros) Current
Group and associates					
Prosegur Transportadora de Caudales SA (*)	Uruguayan Peso	3.75%	31/12/2018	2,817	2,817
Compañia de Seguridad Prosegur SA (*)	Peruvian Nuevo Sol	2.75%	31/12/2018	12,810	12,810
Prosegur Cash Services Germany GmbH (*)	EUR	0.75%	31/12/2018	10,027	10,027
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV (*)	Mexican Peso	7.25%	31/12/2018	42	42
Prosegur Cash Holding France SAS (*)	EUR	6.25%	31/12/2018	6,251	6,251
Prosegur Global CIT, S.L.U. (*)	EUR	0.75%	31/12/2018	119,766	119,766
Prosegur Global CIT ROW, S.L.U. (*)	EUR	0.75%	31/12/2018	68,611	68,611
Prosegur BPO España, S.L.U. (*)	EUR	0.75%	31/12/2018	8,722	8,722
Luxpai CIT SARL	EUR	1.00%	31/12/2018	16,946	16,946
Prosegur Australia Investments PTY Limited	Australian dollar	1.00%	31/12/2018	19,549	6,527
Total				**265,541**	**252,519**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 18)

The credits correspond, on the one hand, to short-term loans delivered to group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing an annual interest rate of 0.75% (0.75% in 2017), according to market rate. We also found short-term loans granted to subsidiaries in Luxembourg and Australia denominated in EUR and local currency, respectively, accruing an annual interest rate of 1% (1% in 2017), according to market rate. Likewise during the year, short-term loans were granted to subsidiaries in Uruguay, Peru and Mexico, all denominated in local currency and with annual interest rates of 3.75%, 2.75% and 7.25%, respectively.

<u>Other financial assets</u>

Under this heading are the balances for the current accounts held with the different group companies that include the payments and collections of the amounts to be paid/charged for the different services received/provided or other operations performed.

11 Cash and cash equivalents

Details of cash and cash equivalents at 31 December 2018 and 2017, are as follows:

	Thousands of Euros	
	2018	**2017**
Cash and other Cash Equivalents	2,286	89,990
Total	**2,286**	**89,990**

Cash in hand and at banks essentially reflects cash at banks at each year end.

12 Net equity

a) Share capital

The Company was constituted by Prosegur Compañía de Seguridad, S.A. On 22 February 2016. The share capital of the Company was EUR three thousand, represented by 3,000 shares of EUR one par value each. The shareholdings were fully paid by Prosegur Compañía de Seguridad, S.A. through a monetary contribution.

The Company, by virtue of the agreement reached by the Sole Shareholder on 6 May 2016, increased its share capital by EUR one by issuing 1 new share of EUR one par value through a non-monetary contribution of 100% of the shares of the Spanish Prosegur Global CIT ROW, S.L.U.. This capital increase was created with a total share premium of EUR 176,641 thousand.

Also by virtue of what was agreed upon by the Sole Shareholder on 26 July 2016, the Company increased its share capital by EUR 29,996,999 through the issuance of 29,996,999 new shares with a par value of EUR one, via a non-monetary contribution of 100% of the shares of the Spanish Prosegur Global CIT, S.L.U. This capital increase was made with a total share premium of EUR 733,907 thousand.

On 21 September 2016, the Sole Shareholder agreed to turn the Company into a public limited company and replace the 30,000,000 participations with a par value of EUR one each for 300,000,000 new nominative shares with a par value of EUR 0.10 each, all of the new shares being attributed to Prosegur Compañía de Seguridad, S.A.

On 30 November 2016 Prosegur Compañía de Seguridad, S.A. underwent a capital increase of the Spanish company Prosegur Assets Management, S.L.U. through the contribution of 49% of the shares of Prosegur Cash, S.A.

On 19 December 2016, the Shareholders' Meeting of the Company agreed to split each share of EUR 0.10 of par value into 5 shares of EUR 0.02 of par value, in such a way that the share capital became divided into 1,500,000,000 shares of EUR 0.02 of par value each. Likewise, it was agreed to transform the representation system of the Company shares from registered securities into book entries.

At 31 31 December 2018 and 2017,, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 30,000 thousand and is represented by 1,500,000,000 shares with a par value of EUR 0.02 each, fully subscribed and paid. These shares are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Markets and are traded via the Spanish Stock Market Interconnection System (electronic trading system) (SIBE).

These shares are freely transferable.

Details of the Company's shareholders are as follows:

Shareholders	Number of shares 31/12/2018	2018
Ms Helena Revoredo Delvecchio (1)	1,087,500,000	72.50%
OppenheimerFunds, Inc (2)	74,880,000	4.99%
FMR LLC (2)	99,675,000	6.65%
Others	237,945,000	15.86%
Total	**1,500,000,000**	**100.00%**

(1) *Investment through Prosegur Compañía de Seguridad, S.A.*
(2) *Investment through various managed funds.*

b) Own shares and equity holdings

On 7 July 2017, coming into force on 11 July of the same year, the Company entered into a liquidity contract to favour share liquidity. Said agreement is in force as of 31 December 2018, the date on which Prosegur Cash, S.A.'s treasury stock amounted to 1,057,307 shares (787,474 shares in 2017), of which 602,496 (295,789 in 2017) are linked to the liquidity contract.

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

	Number of shares	Thousands of Euros
Balance at 31 December 2017	**787,474**	**2,127**
Purchase of own shares	11,567,356	24,365
Sale of own shares	(11,260,649)	(24,454)
Other awards	(36,874)	(95)
Balance at 31 December 2018	**1,057,307**	**1,943**

Prosegur Cash holds 0.07% (0.05% in 2017) of treasury stock deemed strategic to satisfy possible future corporate transactions.

13 Financial liabilities by category

a) Classification of financial liabilities by category

The classification of financial liabilities by categories and classes, as well as the comparison of fair value and carrying amount is as follows:

	Thousands of Euros					
	2018					
	At amortised cost or cost					
	Bonds and other marketable securities	Debts with credit institutions	Payables to Group companies	Trade and other payables	Other financial liabilities	Total
Non-currents						
Debts and payables (Note 14)	592,438	16,803	-	-	-	609,241
	592,438	**16,803**	**-**	**-**	**-**	**609,241**
Current						
Debts and payables (Note 14)	8,872	61,830	474,998	12,004	24,348	582,052
Total	**601,310**	**78,633**	**474,998**	**12,004**	**24,348**	**1,191,293**

	Thousands of					
	2017					
	At amortised cost or cost					
	Bonds and other marketable	**Debts with credit institutions**	**Payables to Group companies**	**Trade and other payables**	**Other financial liabilities**	**Total**
Non-currents						
Debts and payables (Note 14)	594,117	18,171	-	-	-	612,288
	594,117	**18,171**	**-**	**-**	**-**	**612,288**
Current						
Debts and payables (Note 14)	-	125	628,233	16,978	20,382	665,718
	-	**125**	**628,233**	**16,978**	**20,382**	**665,718**
Total	**594,117**	**18,296**	**628,233**	**16,978**	**20,382**	**1,278,006**

Bonds and other marketable securities

On 4 December 2017 Prosegur Cash S.A. issued uncovered bonds with a par value of EUR 600,000 thousand, maturing on 4 February 2026. The bond was issued in the Euromarket as part of the Euro Medium Term Note Programme. This issue will enable the deferment of maturities of part of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 1.38% payable at the end of each year.

The carrying amount of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

14 Financial debts and commercial creditors

a) Debts with credit institutions

The current and non-current debts with credit institutions at 31 December 2018 are the following:

				Thousands of Euros
2018				
Type	**Interest rate**	**Maturity**	**Par value**	**Outstanding debt at 31/12/2018**
Loans and borrowings	Jibar+margin	29/01/2020	18,296	16,969
Loans and borrowings	Eur+margin	27/02/2019	15,000	15,000
Loans and borrowings	Eur+margin	22/03/2019	15,000	15,000
Loans and borrowings	Eur+margin	14/09/2019	15,000	15,000
Loans and borrowings	Eur+margin	27/03/2019	15,000	15,000
Loan agreement	Eur+margin	28/04/2019	10,000	1,615
Loan agreement	Eur+margin	15/10/2019	15,000	10
Loan agreement	Eur+margin	31/07/2019	3,000	3
Loan agreement	Eur+margin	29/06/2019	5,000	5
Loan agreement	Eur+margin	10/05/2019	10,000	23
Loan agreement	Eur+margin	10/12/2019	5,000	8
Loan agreement	Eur+margin	25/05/2019	5,000	-
Loan agreement	Eur+margin	30/12/2019	5,000	-
Total				**78,633**

The current and non-current debts with credit institutions at 31 December 2017 are the following:

				Thousands of Euros
2017				
Type	**Interest rate**	**Maturity**	**Par value**	**Outstanding debt at 31/12/2017**
Syndicated loan	Eur+margin	10/02/2022	300,000	-
Loan agreement	Eur+margin	30/04/2019	15,000	-
Loans and borrowings	Jibar+margin	29/01/2020	18,296	18,296
Loan agreement	Eur+margin	28/04/2018	10,000	-
Loan agreement	Eur+margin	15/04/2018	15,000	-
Loan agreement	Eur+margin	31/07/2018	3,000	-
Loan agreement	Eur+margin	29/06/2018	5,000	-
Loan agreement	Eur+margin	10/02/2018	10,000	-
Loan agreement	Eur+margin	21/09/2018	5,000	-
Loan agreement	Eur+margin	25/05/2018	5,000	-
Loan agreement	Eur+margin	30/10/2018	5,000	-
Total				**18,296**

Syndicated Loan

On 10 February 2017, Prosegur Cash, S.A. arranged a new five-year syndicated credit financing facility of EUR 300,000 thousand to afford the company long-term liquidity. At 31 December 2018, no amount of this credit facility has been drawn down.

The interest rate of the drawdowns under the syndicated financing operation is equal to Euribor plus an adjustable spread based on the company’s rating.

Additionally, this financing has the guarantees granted by the following subsidiaries of Prosegur Cash, S.A.: Prosegur Brasil, S.A. Transportadora de Valores e Segurança (Brazil), Transportadora de Caudales Juncadella, S.A. (Argentina) and Compañía de Seguridad Prosegur, S.A. (Peru). This contract has the following obligatory covenant ratios:

- The net financial debt/EBITDA ratio should be less than 3.5.
- The EBITDA/finance costs ratio should be higher than 5.

b) Payables to Group companies

The breakdown of the main characteristics of the debts as of 31 December 2018 is as follows (Note 18):

					Thousands of Euros
Type	**Currency**	**Interest rate**	**Maturity**	**Par value**	**Current**
Loans with group companies					
Transportadora de Caudales Juncadella S.A.	EUR	0.75%	31/12/2019	1,500	1,500
BIP Serviços de Vigilancia Patrimonial Ltda	EUR	0.75%	31/12/2019	11,956	11,956
Compañia de Seguridad Prosegur S.A.	EUR	2.50%	31/12/2019	1,480	1,480
Prosegur Servicios de Efectivo España S.L.U.	EUR	0.75%	31/12/2019	8,119	8,119
Armor Acquisition S.A.	EUR	0.75%	31/12/2019	70,050	70,050
Juncadella Prosegur Internacional, S.A.	EUR	0.75%	31/12/2019	301,144	301,144
Contesta Teleservicios S.A.	EUR	0.75%	31/12/2019	1,189	1,189
Integrum 2008 S.L.U.	EUR	0.75%	31/12/2019	553	553
Bloggers Broker S.L.	EUR	0.75%	31/12/2019	300	300
Contesta Servicios Auxiliares S.L.	EUR	0.75%	31/12/2019	715	715
Prosegur Servicios de Pago EP SLU	EUR	0.75%	31/12/2019	2	2
Prosegur Internationale Handels GmbH	EUR	0.75%	31/12/2019	2,526	2,526
Empresa de Transportes Cia de Seguridad Chile Ltda	EUR	3.75%	31/12/2019	8,594	8,594
Pitco Reinsurance SA	EUR	0.75%	31/12/2019	2,341	2,341
					410,469
Other financial liabilities					
Prosegur Servicios de Efectivo España, S.L.U. (**)	EUR		31/12/2019	28	28
Armor Acquisition, S.A. (**)	EUR		31/12/2019	47	47
Juncadella Prosegur Internacional, S.A. (**)	EUR		31/12/2019	237	237
Contesta teleservicios SAU (**)	EUR		31/12/2019	11	11
Prosegur Compañía de Seguridad S.A. (**)	EUR		31/12/2019	16	17
					340
Short-term payables to Group companies and associates					
Prosegur Compañía de Seguridad S.A.	EUR			45,154	45,154
Prosegur Asset Management S.A.	EUR			19,035	19,035
					64,189
Total					**474,998**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 23)
(**) Balance corresponding to the current account held with the Company

The breakdown of the main characteristics of the debts as of 31 December 2017 is as follows (Note 18):

				Thousands of Euros	
Type	**Currency**	**Interest rate**	**Maturity**	**Par value**	**Current**
Loans with group companies					
Prosegur Compañía de Seguridad S.A.	EUR	0.75%	31/12/2018	32,864	32,864
Prosegur Asset Management S.A.	EUR	0.75%	31/12/2018	13,855	13,855
Compañía de Seguridad Prosegur, S.A.	EUR	2.75%	31/12/2018	1	1
Transportadora de Caudales Juncadella	EUR	1.00%	31/12/2018	158,203	158,203
Prosegur Servicios de Efectivo España, S.L.U. (*)	EUR	0.75%	31/12/2018	47,613	47,613
Juncadella Prosegur Internacional, S.A. (*)	EUR	0.75%	31/12/2018	263,705	263,705
Armor Acquisition, S.A. (*)	EUR	0.75%	31/12/2018	66,996	66,996
Empresa de Transportes Cia de Seguridad Chile Ltda	EUR	3.75%	31/12/2018	13,497	13,497
Prosegur Internationale Handels GmbH	EUR	0.75%	31/12/2018	1,693	1,693
Pitco Reinsurance, S.A.	EUR	0.75%	31/12/2018	20,480	20,480
MIV Gestión	EUR	0.75%	31/12/2018	630	630
Prosegur Berlin S.L.	EUR	0.75%	31/12/2018	7	7
Prosegur Internacional CIT 1 SLU	EUR	0.75%	31/12/2018	9	9
Prosegur Internacional CIT 2 SLU	EUR	0.75%	31/12/2018	4	4
Prosegur Logistica e Tratamento de Valores Portugal, S.A.	EUR	0.75%	31/12/2018	1,014	1,014
					620,571
Other financial liabilities					
Prosegur Compañía de Seguridad S.A.			31/12/2018	587	587
Prosegur Servicios de Efectivo España, S.L.U. (**)			31/12/2018	335	335
Juncadella Prosegur Internacional, S.A. (**)			31/12/2018	6,233	6,233
Armor Acquisition, S.A. (**)			31/12/2018	507	507
					7,662
Total					**628,233**

(*) These balances are a consequence of the daily sweeping of cash-pooling accounts (Note 23)
(**) Balance corresponding to the current account held with the Company

Under the heading of loans with group companies we find, on the one hand, short-term loans received from group companies within the framework of the centralised treasury management, denominated in EUR and accruing an annual interest rate of 0.75% (0.75% in 2017), according to market rate. We also found short-term loans granted by subsidiaries in Chile, Germany, Luxembourg, Peru and Portugal, denominated in EUR and accruing an annual interest rate of 0.75% (0.75% in 2017), for all countries except Chile, where the interest rate is 3.75% (3.75% in 2017) and Peru, with an annual interest rate of 2.75%, according to market rates.

c) Trade payables

The breakdown of balances with commercial creditors is as follows:

	Thousands of Euros	
	2018	**2017**
Current		
Suppliers, Group companies and associates (Note 18)	4,578	8,087
Sundry accounts payable	4,736	3,661
Personnel (salaries payable)	2,690	5,230
Total	**12,004**	**16,978**

The Personnel section (salaries payable) includes the accrued incentive, payable in cash, corresponding to the 2017 and the 2020 Plans, for EUR 1,392 thousand (EUR 2,082 thousand in 2017) (Note 25.9).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur and Prosegur Cash share quotation price at the close of the period or at the payment time.

d) Classification by maturities

The classification of financial liabilities by maturities at 31 December 2018 is as follows:

	Thousands of Euros 2018 Financial liabilities					
	2019	**2020**	**2021**	**2022**	**Subsequent years**	**Total**
Debts with credit institutions	61,830	16,803	-	-	-	**78,633**
Bonds and other marketable securities	8,872	-	-	-	592,438	**601,310**
Other financial liabilities	24,348	-	-	-	-	**24,348**
Payables to Group companies (Note 18)	474,998	-	-	-	-	**474,998**
Trade and other payables	-	-	-	-	-	**-**
Suppliers, Group companies and associates (Note 18)	4,578	-	-	-	-	**4,578**
Sundry accounts payable	4,736	-	-	-	-	**4,736**
Personnel (salaries payable)	2,690	-	-	-	-	**2,690**
Total	**582,052**	**16,803**	**-**	**-**	**592,438**	**1,191,293**

The classification of financial liabilities by maturities at 31 December 2017 is as follows:

	Thousands of Euros 2017 Financial liabilities					
	2018	**2019**	**2020**	**2021**	**Subsequent years**	**Total**
Debts with credit institutions	125	-	18,171	-	-	**18,296**
Bonds and other marketable securities	-	-	594,117	-	-	**594,117**
Other financial liabilities	20,382	-	-	-	-	**20,382**
Loans to Group companies and associates	628,233	-	-	-	-	**628,233**
Trade and other payables	-	-	-	-	-	
Suppliers, Group companies and associates	8,087	-	-	-	-	**8,087**
Sundry accounts payable	3,661	-	-	-	-	**3,661**
Personnel (salaries payable)	5,230	-	-	-	-	**5,230**
Total	**665,718**	**-**	**612,288**	**-**	**-**	**1,278,006**

e) Deferred payments to suppliers. Third additional provision. "Reporting Requirement", of Act 15/2010 of 5 July 2010

The information required by the "Reporting Requirement", third additional provision of Act 15/2010 of 5 July 2010 (modified through the Final Provision Two of Act 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the information to be included in the annual accounts report in relation to the average period of payment to suppliers in commercial operations is detailed below.

	2018	2017
	Days	
Average payment period to suppliers	52	49
Ratio of transactions paid	53	50
Ratio of transactions pending payment	46	46
	Amount	
	Thousands of Euros	
Total payments made	11,462	9,788
Total payments pending	1,962	1,693

For the exclusive purposes of providing the disclosures envisaged in this Resolution, suppliers are deemed as commercial creditors holding debts for the supply of goods or services, included under Suppliers and other payables of current liabilities of the balance sheet.
"Average payment period to suppliers" is understood as the period between the delivery of the goods or the rendering of the services by the supplier and the material payment of the transaction.

The maximum legal term of payment applicable to the companies in 2018, according to Act 11/2013, of 26 December, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

15 Taxation

a) Details of balances with public entities are as follows:

	Thousands of Euros			
	2018		2017	
	No current	Current	No current	Current
Assets				
Deferred tax assets	925	-	1,102	-
Value added tax and similar liabilities	-	4,742	-	4,641
	925	**4,742**	**1,102**	**4,641**
Liabilities				
Deferred tax liabilities		-	1	-
Social Security	-	69	-	69
Withholdings	-	1,718	-	2,638
		1,787	**1**	**2,707**

Prosegur Compañía de Seguridad, S.A.,the majority shareholder of the Company, is the parent company of a group that is taxed Corporate Income Tax under the fiscal consolidation regime in Spain. As well as Prosegur Compañía de Seguridad, S.A. as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Pursuant to tax legislation in force for 2016 and following years, the Company's tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset.

On 27 November 2013, the Official State Gazette (BOE) published the modifications to the Corporate Income Tax Act, which establishes, among other aspects, the reduction over two years of the general Corporate Income Tax rate, which, as of 1 January 2016 was at 25%.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

Income tax

The reconciliation of the accounting result and the corporate income tax carry forward is as follows:

	Thousands of Euros	
	2018	**2017**
Account finance income before tax	**132,335**	**121,671**
Permanent differences	(148,359)	(144,178)
Timing differences:	(1,530)	1,661
- Originating in the current period	1,917	1,660
- Arising in previous years	(3,447)	1
Taxable base for tax consolidation	**(17,554)**	**(20,846)**
Tax rate	25%	25%
Resulting tax payable	**(4,388)**	**(5,212)**
Deductions:	(3,655)	(1,148)
- Double taxation	(3,588)	(1,114)
- Other deductions	(67)	(34)
Tax payable	**(8,043)**	**(6,360)**

The permanent differences in the accounting result for 2018 correspond to items that are not tax deductible expenses or taxable income, and mainly correspond to: the exemption of dividends received from its subsidiaries Prosegur Global CIT, S.L.for EUR 130,000 thousand and Prosegur Global CIT ROW, S.L. for EUR 17,500 thousand, (EUR 144,000 thousand from Prosegur Global CIT, S.L.).

The main temporary difference adjustments to accounting profit originating in the year that are deductible in subsequent years are as follows:

1. Positive:
   - Provision for personnel expenses, amounting to EUR 1,852 thousand (EUR 1,596 thousand in 2017).
   - Other adjustments for EUR 65 thousand (EUR 65 thousand in 2017).

The main temporary difference adjustments to accounting profit originating in prior years are as follows:

1 Positive:
- Application for an amount of EUR one thousand (EUR one thousand in 2017), corresponding to the reversal of the negative adjustment of items of fixed assets subject to the freedom to amortise for 2009, 2010 and 2011.

2 Negative:
- Reversal of provisions from previous years amounting to EUR 3,448 thousand.

In 2018, the deductions correspond to the deduction for international double taxation in respect of taxes paid abroad for various services amounting to EUR 3,588 thousand (EUR 1,114 thousand in 2017), and deduction in technological innovation of EUR 67 thousands (EUR 34 thousand in 2017).

The breakdown of the income tax expense of the profit and loss account is as follows:

	Thousands of Euros 2018	2017
Account finance income before tax	**132,335**	**121,671**
Permanent differences	(148,359)	(144,178)
Elimination of treasury stock transactions	(10)	-
Taxable base	**(16,034)**	**(22,507)**
Tax rate	25%	25%
Resulting tax payable	**(4,009)**	**(5,627)**
Deductions:	(3,655)	(1,148)
- Double taxation	(3,588)	(1,114)
- Other deductions	(67)	(34)
Expense (income) from tax on profit	**(7,664)**	**(6,775)**
Withholdings at source and other	4,381	1,291
Final expense (income) from tax on profit	**(3,283)**	**(5,484)**

The corporate income tax expense is as follows:

	Thousands of Euros 2018	2017
Current tax	(8,043)	(6,360)
Elimination of treasury stock transactions	(4)	-
Deferred tax	383	(415)
Adjustments from prrevious years	4,381	1,291
	(3,283)	**(5,484)**

On 28 November 2016, by agreement of the then sole shareholder of the company Prosegur Cash, S.A., the company's admission was approved to the special regime of the Entities for the Holding of Foreign Securities provided for in Act 27/2014, of 27 November, on Corporate Income Tax. This was duly communicated to the Administration in a timely manner.

No restructuring operations were carried out in 2018.

The following restructuring operations were carried out in 2017:

	Thousands of Euros			
No. Operation inside the regime of fiscal neutrality	**Goods purchased**	**Delivered values carrying amount**	**Delivered values carrying amount**	**Difference**
1	100% shares	180,005	176,641	3,364
2	100% shares	820,995	763,904	57,091
		1,001,000	**940,545**	**60,455**

The difference in value in both cases derives from the accounting entries at consolidated value of the acquired assets.

List of tax benefits of the transferring entity, with respect to which the entity must assume compliance with certain requirements in accordance with art. 84 LIS: not benefited.

Deferred tax

Tax assets and tax liabilities are offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Movement in deferred tax is as follows:

Deferred tax assets	Opening balance	Transfers	Write offs	New Additions	Closing balance
	Thousands of Euros				
Amortisation and depreciation	1,102	206	-	(383)	925
	1,102	**206**	**-**	**(383)**	**925**

Deferred tax liabilities	Opening balance	Transfers	Write offs	New Additions	Closing balance
	Thousands of Euros				
Freedom to amortise	(1)	-	1	-	-
	(1)	**-**	**1**	**-**	**-**

16 Contingencies

a) Contingent liabilities

The Company has contingent liabilities from litigation arising in the ordinary course of business which are not expected to give rise to significant liabilities.

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

Guarantees provided by the Company to third parties at year end are as follows:

	Thousands of Euros	
	2018	**2017**
Financial guarantees	37	-
	37	**-**

Financial guarantees essentially include those relating to litigations in process.

b) National Commission on Markets and Competition

On 22 April 2015, Spain's National Commission on Markets and Competition (hereinafter, the CNMC) commenced disciplinary proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U (currently a subsidiary of Prosegur Cash) and Loomis España, S.A. for alleged anticompetitive practices in accordance with European Union legislation. On 10 November 2016, the CNMC's Competition Chamber ruled to fine Prosegur and its subsidiary EUR 39,420 thousand.

On 13 January 2017, Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling and requested the adoption of an interim measure consisting of suspending payment of the fine imposed.

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

With regard to the request for the interim measure, on 31 March 2017, the National Court agreed to it and suspended execution of the CNMC resolution in particular concerning payment of the fine by Prosegur, on the condition that, within a maximum of two months, Prosegur should provide surety or any other guarantee in the amount of the fine. On 9 June 2017, Prosegur presented the National Court with a bank guarantee amounting to EUR 39,420 thousand.

Prosegur will undertake solely and at its own expense the defence of Prosegur and Prosegur Servicios de Efectivo España, S.L. with regard to the disciplinary proceedings and the resolution by the Competition Chamber of the CNMC on 10 November 2016, with exclusive powers in respect of the supervision and control of said defence and of the contentious-administrative proceedings. Prosegur will hold Prosegur Cash and its subsidiary harmless from the potential negative economic affects of said proceedings.

17 Commitments

a) Purchase commitments for fixed assets

At 31 December 2018, the commitments correspond mainly to the purchase of hardware and software development amounting to EUR 622 thousand. At 31 December 2017 there are no commitments to purchase and sell assets.

b) Operating lease commitments

At 31 December 2018, the commitments correspond mainly to the rental of vehicles under non-cancellable operating leases amounting to EUR 102 thousand (EUR 118 thousand in 2017).

18 Balances and transactions with related parties

a) Related Party Balances

The breakdown of the balances by categories is the following:

	Thousands of Euros					
	2018					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 9)	Debtors (Note 9)	Other financial assets (Note 9)	Debts (Note 13)	Suppliers (Note 13)	Other financial liabilities (Note 13)
Group Companies						
Prosegur SIS España, S.L.	-	-	-	-	(2)	-
Prosegur Compañia de Seguridad, S.A.	-	13	9,864	(45,154)	(3,008)	(17)
Prosegur Gestión de Activos, S.L.U.	-	2	-	-	(11)	-
Prosegur Global Alarmas, S.L.U.	830	-	-	-	-	-
MIV Gestión, S.A.	-	-	1	-	-	-
Prosegur Assets Management, S.L.U.	-	-	-	(19,035)	-	-
Prosegur Servicios de Efectivo España, S.L.U.	-	1	-	(8,119)	(6)	(28)
Prosegur Global CIT, S.L.U.	126,860	505	93	-	-	-
Prosegur Berlin SLU	93	-	-	-	-	-
Prosegur BPO España, S.L.U.	31,071	-	20	-	(14)	-
Armor Acquisition, S.A.	-	-	-	(70,050)	-	(47)
Juncadella Prosegur Internacional, S.A.	-	-	-	(301,144)	-	(237)
Prosegur International CIT 1, S.L.	873	-	-	-	-	-
Prosegur International CIT 2 SLU	5,091	-	3	-	-	-
Prosegur Global CIT ROW, S.L.U.	47,105	255	43	-	-	-
Contesta Teleservicios	-	-	-	(1,189)	-	(11)
Integrum 2008	-	-	-	(553)	-	-
Bloggers Brokers	-	-	-	(300)	-	-
Contesta Servicios Auxiliares	-	-	-	(715)	-	-
Prosegur Colombia 1 SLU	4,865	-	-	-	-	-
Prosegur Colombia 2 SLU	4,866	-	3	-	-	-
Prosegur Servicios de Pago EP SLU	-	-	-	(2)	-	-
Prosegur Cash Holding France SAS	14,344	-	379	-	-	-
Prosegur Traitment de Valeurs Azur SA	-	199	-	-	-	-
Prosegur Traitement de Valeurs Provence, SAS	-	-	-	-	(8)	-
Prosegur Internationale Handels GmbH	-	-	-	(2,526)	-	-
Prosegur Cash Services Germany GmbH	11,145	2,096	-	-	-	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV	48	-	-	-	-	-
Pitco Reinsurance SA	-	-	-	(2,341)	-	-
Luxpai CIT SARL	450	-	-	-	(426)	-
Prosegur Transportadora de Caudales SA	2,944	-	-	-	-	-
Prosegur Australia Investments PTY Limited	17,115	-	-	-	-	-
Prosegur Global Resources Holding Philipines Incorporated	-	-	10,477	-	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(8,594)	-	-
Servicios Prosegur Ltda	-	-	-	-	(4)	-
Transportadora de Caudales Juncadella SA	-	10,635	-	(1,500)	(74)	-
Prosegur Argentina PGA	-	-	-	-	(91)	-
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	4,260	-	(11,956)	(506)	-
Prosegur Procesos SAS	-	4	-	-	-	-
Compañía de Seguridad Prosegur, S.A.	-	38	-	(1,480)	-	-
Prosegur Gestion de Activos SA	-	-	-	-	(1)	-
SIS Cash Services Private Ltd	-	22	-	-	-	-
Grupo Mercurio de Transportes SA de CV	-	71	-	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal SA	-	1	-	-	-	-
Prosegur Paraguay, S.A.	-	23	-	-	-	-
Singpai Pte Ltd	-	-	-	-	(427)	-
Total	**267,700**	**18,125**	**20,883**	**(474,658)**	**(4,578)**	**(340)**

	Thousands of Euros					
	2017					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 9)	Debtors (Note 9)	Other financial assets (Note 13)	Debts (Note 13)	Suppliers (Note 13)	Other financial liabilities (Note 13)
Group Companies						
Transportadora de Caudales Juncadella SA	-	16,188	-	(158,203)	(1,257)	-
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	4,225	-	-	(2,440)	-
Compañía de Seguridad Prosegur, S.A.	12,811	-	-	-	-	-
Prosegur Compañia de Seguridad, S.A.	-	-	6,360	(32,864)	(30)	(587)
Servicios Prosegur Ltda	-	280	-	-	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(13,498)	-	-
Prosegur SIS España, S.L.	-	4	15	-	(1)	-
Prosegur Servicios de Efectivo España, S.L.U.	-	1	-	(47,613)	(3)	(335)
Prosegur Alarmas España SLU	-	-	-	-	(1)	-
Prosegur Global CIT, S.L.U.	119,766	1,053	869	-	(2,837)	-
Prosegur Global CIT ROW, S.L.U.	68,611	24	550	-	(1,492)	-
Prosegur Gestión de Activos, S.L.U.	-	3,812	-	-	(21)	-
Prosegur Global Alarmas, S.L.U.	-	51	-	-	(1)	-
Prosegur Global SIS, S.L.U.	-	1,933	-	-	(4)	-
Prosegur Global SIS ROW, S.L.U.	-	13	-	-	-	-
MIV Gestión, S.A.	-	-	1	(630)	-	-
Prosegur Berlin SLU	-	-	-	(7)	-	-
Prosegur BPO España, S.L.U.	8,722	2	35	-	-	-
Juncadella Prosegur Internacional, S.A.	-	1	-	(263,706)	-	(6,233)
Prosegur International CIT 1, S.L.	-	-	7	(9)	-	-
Prosegur International CIT 2 SLU	-	-	-	(4)	-	-
Prosegur Cash Holding France SAS	6,251	-	743	-	-	-
Luxpai CIT SARL	16,946	-	-	-	-	-
Prosegur Australia Investments PTY Limited	6,526	-	-	-	-	-
Prosegur Transportadora de Caudales SA	2,817	-	-	-	-	-
Armor Acquisition, S.A.	-	-	-	(66,996)	-	(507)
Prosegur Internationale Handels GmbH	-	-	-	(1,693)	-	-
Prosegur Cash Services Germany GmbH	10,027	-	-	-	-	-
Pitco Reinsurance, S.A.	-	-	-	(20,479)	-	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA	42	-	-	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal, S.A.	-	10	-	(1,014)	-	-
Prosegur Paraguay, S.A.	-	279	-	-	-	-
Prosegur Assets Management, S.L.U.	-	-	-	(13,855)	-	-
Total	**252,519**	**27,876**	**8,580**	**(620,571)**	**(8,087)**	**(7,662)**

Receivables and suppliers mostly reflect the outstanding balances relating to invoices for centralised services issued to and received from, respectively, the various Group companies.

Financial assets - the loans correspond, on the one hand, to short-term loans delivered to group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing annual interest of 0.75% in Spain, of 3.25 % in France, 1% in Germany and 0.75% in Luxembourg. We also found short-term loans granted to subsidiaries in Australia in AUD and in Uruguay in EUR, accruing annual interest 3.50% in Australia (3.50% in 2017) and 5.00% in Uruguay (3.75% in 2017); in 2017 in Spain 0.75%, in France 3.25% and in Germany 0.75%. Interest accrued to EUR 4,886 thousand in 2018 (EUR 2,886 thousand in 2017).

Financial liabilities - the debts correspond, on the one hand, to short-term loans received from group companies within the framework of the centralised treasury management. They are denominated mainly in EUR, accruing annual interest of 0.75% in Spain and 0.75% in Germany. On the other hand we found short-term loans granted by subsidiaries to the Company in Luxembourg accruing interest of 1%, in Argentina of 1%, in Brazil of 0.75%, in Peru of 2.5%, in Chile of 0.75%, denominated in EUR, (0.75% in Spain, 0.75% in Argentina, 2.75% in Peru and 0.75% in Chile in 2017). Interest amounted to EUR 4,520 thousand in 2018 (EUR 5,134 thousand in 2017).

b) Related Party Transactions

The amounts of the Company's transactions with related parties are the following:

	Thousands of Euros				
	2018				
	Revenue from dividends (Note 3)	Finance income (Note 3)	Provision of services (Note 3)	Expenses from interest (Note 4)	Services rendered
Prosegur Soluciones Integrales de Seguridad España SLU	-	-	-	-	(7)
Prosegur Compañia de Seguridad, S.A.	-	-	-	-	(27,410)
Prosegur Gestión de Activos, S.L.U.	-	-	-	-	(28,219)
MIV Gestión, S.A.	-	5	76	-	-
Prosegur Ciberseguridad SL	-	-	-	-	(20)
Prosegur Global SIS SLU	-	-	-	-	(3)
Prosegur Servicios de Efectivo España SLU	-	-	4,734	(471)	(37)
Prosegur Global CIT, S.L.U.	130,000	1,017	28,905	-	-
Prosegur BPO España, S.L.U.	-	99	451	-	(3)
Armor Acquisition, S.A.	-	-	-	(542)	-
Juncadella Prosegur Internacional SA	-	-	-	(2,679)	(1)
Prosegur Global CIT ROW, S.L.U.	17,500	570	13,237	-	(12)
Prosegur International CIT 1, S.L.	-	5	-	-	-
Inversiones CIT 2 SLU	-	15	-	-	-
Prosegur Global SIS ROW, S.L.U.	-	-	-	-	(1)
ESC Servicios Generales SLU	-	-	-	-	(2)
Contesta Teleservicios SA	-	-	-	(11)	-
Integrum 2008 SLU	-	-	-	(3)	-
Bloggers Broker SL	-	-	-	(1)	-
Contesta Servicios Auxiliares SL	-	-	-	(2)	-
Prosegur Colombia 2 SLU	-	2	-	-	-
Luxpai Holdo SARL	-	-	-	-	(426)
Pitco Reinsurance, S.A.	-	-	-	(161)	-
Luxpai CIT SARL	-	123	-	-	-
Prosegur Paraguay, S.A.	-	-	1,428	-	-
Prosegur Transportadora de Caudales SA	-	140	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal SA	-	-	182	15	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV	-	6	-	-	-
Grupo Mercurio de Transportes SA de CV	-	-	147	-	-
Prosegur Cash Holding France SAS	-	379	-	-	-
Prosegur Traitment de Valeurs Azur SA	-	-	199	-	-
Prosegur Traitement de Valeurs Provence, SAS	-	-	(8)	-	-
Prosegur Internationale Handels GmbH	-	-	-	(2)	-
Prosegur Cash Services Germany GmbH	-	119	2,096	-	(1)
Prosegur Australia Investments PTY Limited	-	275	-	-	-
Compañía de Seguridad Prosegur, S.A.	-	132	2,636	(2)	-
Prosegur Gestion de Activos SA	-	-	-	-	(3)
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	-	4,260	(1)	(875)
Segurpro Vigilancia Patrimonial SA	-	-	-	-	(2)
Servicios Prosegur Ltda	-	-	1,344	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(94)	-
Prosegur Procesos SAS	-	-	4	-	-
Transportadora de Caudales Juncadella SA	-	-	10,613	(565)	(1,073)
Prosegur Argentina SA	-	-	-	-	(1,045)
SIS Cash Services Private Ltd	-	-	21	-	-
Singpai Pte Ltd	-	-	-	-	(427)
Total	**147,500**	**2,887**	**70,325**	**(4,519)**	**(59,567)**

	Thousands of Euros				
	2017				
	Revenue from dividends (Note 3)	Finance income (Note 3)	Provision of services (Note 3)	Expenses from interest	Services rendered
Compañía de Seguridad Prosegur, S.A.	-	137	2,594	(189)	-
Prosegur Brasil SA Transportadora de Valores e Seguranca	-	-	4,084	-	(2,308)
Servicios Prosegur Ltda	-	-	1,293	-	-
Empresa de Transportes Cia de Seguridad Chile Ltda	-	-	-	(119)	-
Compañia Transportadora de Valores Prosegur de Colombia SA	-	72	-	-	-
Prosegur Procesos SAS	-	-	84	-	-
Juncadella Prosegur Internacional SA	-	-	3	(2,749)	(3)
Transportadora de Caudales Juncadella SA	-	-	16,189	(833)	(1,773)
Prosegur Compañia de Seguridad, S.A.	-	(75)	6	(67)	(30,575)
MIV Gestión, S.A.	-	1	75	-	-
Prosegur Global CIT, S.L.U.	144,000	869	25,438	-	(1)
Prosegur Cash SA	-	-	-	-	(1)
Prosegur BPO España, S.L.U.	-	35	454	-	(7)
Prosegur Global CIT ROW, S.L.U.	-	550	11,535	-	(64)
Prosegur Gestión de Activos, S.L.U.	-	-	2	-	(24,119)
Prosegur International CIT 1, S.L.	-	7	-	-	-
Prosegur Global SIS ROW, S.L.U.	-	-	1	-	(1)
Pitco Reinsurance, S.A.	-	-	-	(200)	-
Luxpai CIT SARL	-	183	-	-	-
Prosegur Paraguay, S.A.	-	-	1,352	-	-
Prosegur Transportadora de Caudales SA	-	5	-	-	-
Prosegur Logistica e Tratamento de Valores Portugal SA	-	-	257	(91)	-
Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV	-	42	-	-	-
Prosegur Cash Holding France SAS	-	544	-	-	-
Prosegur Traitment de Valeurs Azur SA	-	-	16	-	-
Prosegur Traitement de Valeurs Provence, SAS	-	-	8	-	-
Armor Acquisition, S.A.	-	-	-	(507)	-
Prosegur Servicios de Efectivo España SLU	-	-	4,604	(335)	(3)
Prosegur Internationale Handels GmbH	-	-	-	(41)	-
Prosegur Cash Services Germany GmbH	-	27	348	(3)	-
Prosegur Australia Investments PTY Limited	-	428	-	-	-
Total	**144,000**	**2,825**	**68,343**	**(5,134)**	**(58,855)**

Services rendered and other income mainly include EUR 42,142 thousand (EUR 36,878 in 2017). Likewise, EUR 27,398 thousand (EUR 30,569 thousand in 2017) were invoiced for brand assignment.

Services received mainly include EUR 31,537 thousand (EUR 28,124 thousand in 2017) corresponding to the invoicing received in relation to centralised services and EUR 27,398 thousand corresponding to the invoicing received in connection with the brand assignment by Prosegur Compañía de Seguridad S.A. and the company subsequently passes the brand assignment over to its subsidiaries.

Interest income and borrowing costs reflect the amounts accrued on the aforementioned current loans extended to and by Group companies (Note 14).

19 Remuneration of Directors and Senior Management Personnel

a) Remuneration of members of the board of directors

The Board of Directors is understood to be the management group of the Company and is made up of persons elected by the General Shareholders' Meeting to carry out the management, control, representation and management functions of the same.

The members of the Board of Directors have received the following remuneration from the Company:

	Thousands of Euros	
	2018	**2017**
Fixed remuneration	1,044	919
Variable remuneration	413	388
Remuneration in kind	53	97
Insurance premium	3	101
Total	**1,513**	**1,505**

b) Remuneration of senior management personnel

Senior management personnel are Company employees who hold, de facto or de jure, senior management positions reporting directly to the board of directors, executive committees or managing directors on the board, including those with power of attorney not limited to the company's statutory activity or specific areas or matters.

The members of Senior Management have received the following remunerations from the Company:

	Thousands of Euros	
	2018	**2017**
Fixed remuneration	1,257	932
Variable remuneration	445	477
Remuneration for membership of the Board	117	29
Per diems	126	2
Total	**1,945**	**1,440**

These provisions include the accrued cash incentive corresponding to the 2017 and 2020 Plan.

During the year, provisions to profit/(loss) amounted to EUR 1,852 thousand (EUR 2,082 thousand in 2017).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period or at the payment time.

There has been no accrued expense for Senior Management civil liability insurance in 2018 and 2017.

c) Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Restated Text of the Spanish Companies Act, approved by Royal Decree Act 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2017.

Occasionally, and since the appointment of Mr Daniel Guillermo Entrecanales Domecq as a director of the company, Revolution Publicidad, S.L. has provided Prosegur Cash with advertising agency, media, marketing and communication services, within the ordinary course of business and on an arm's-length basis. Prosegur Cash does not work solely with the agency Revolution Publicidad, S.L., but receives advertising, media, marketing and communication services from other companies too. In 2018, no invoicing was received from Revolution Publicidad, S.L. to Prosegur Cash (this was EUR 38 thousand at 31 December 2017).

In 2018, Euroforum Escorial, S.A. (controlled by Gubel, S.L.) invoiced Prosegur Cash EUR 5 thousand for hotel services (EUR 48 thousand at 31 December 2017).
Prosegur is controlled by Gubel S.L., which was incorporated in Madrid, and holds 50.075% of the share capital of Prosegur Cash, which it consolidates in its consolidated financial statements.

The Board of Directors considers that the business relationship between the agency Revolution Publicidad, S.L. and Prosegur Cash, due to its occasional, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Daniel Guillermo Entrecanales Domecq to discharge the duties of independent director of Prosegur Cash.

Moreover, Mr Christian Gut Revoredo and Mr Antonio Rubio Merino respectively hold the posts of Executive Director of Prosegur and Executive President of Prosegur Cash and Chief Financial Officer of Prosegur and proprietary director (representing Prosegur) at Prosegur Cash. Ms Chantal Gut Revoredo is a proprietary director at Prosegur and Prosegur Cash. The Board of Directors considers that their respective posts at Prosegur in no way affect their independence when discharging their duties at Prosegur Cash.

20 Employee Information

The average headcount of the Company is as follows:

	2018	2017
Average headcount of the Company	42	39
Total	**42**	**39**

The distribution of the Company's personnel at the end of the year by gender and category is as follows:

	2018		2017	
	Female	Male	Female	Male
Directors				
Analyst	-	7	-	5
Administrative Assistant	1	-	1	-
Executive Manager	-	4	-	3
General Director	-	1	-	1
Technical Manager	-	1	-	1
Manager	-	1	-	1
Head of Second	-	1	-	1
Management Secretary	1	-	1	-
Level 1 Officer	-	1	-	-
Medium Qualified	1	13	2	1
High Qualified	8	-	9	15
Direct personnel	-	-	-	-
Total	**11**	**29**	**13**	**28**

There are no employees in the Company with a disability rating of 33% or more.

The distribution by gender of the Board of Directors and Senior Management at the end of the year is as follows:

	2018		2017	
	Female	Male	Female	Male
Directors	3	6	3	6
Senior Management	2	9	2	9
Total	**5**	**15**	**5**	**15**

21 Audit Fees

KPMG, the auditors of the annual accounts of the Company, have invoiced the following fees and expenses for professional services:

	Thousands of Euros	
	2018	2017
Audit services	207	197
Other audit-related services	-	125
Total	**207**	**322**

Audit services detailed in the above table include the total fees for services rendered in 2018 and 2017, irrespective of the date of invoice.

Additionally, other KPMG International affiliates have invoiced the Company the following fees for professional services during the year:
Other audit-related services correspond mainly to the limited reviews of interim financial statements, procedural reports agreed concerning compliance with covenants, and comfort letters relating to securities issues provided by KPMG Auditores, S.L. to Prosegur Cash, S.A. in the year ended on 31 December 2018.

22 Environmental information

At 31 December 2018 and 2017, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

23 Financial Risk Management

Financial Risk Factors

The Company's activities are exposed to various financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Company's risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's business.

(i) Currency risk

The Company mainly operates on a national basis. Likewise, the Prosegur Cash Group, of which the Company is the parent, operates internationally. As a result, the Company is exposed to currency risk when operating with its subsidiaries in foreign currencies and through the assets and liabilities contracted in foreign currencies from third parties. Currency risk is associated with recognised assets and liabilities denominated in foreign currency.

Management has a currency risk management policy to control the risk arising from the exchange of foreign currencies to its functional currency to minimise the Company's exposure. Currency risk arises when future transactions or recognised assets and liabilities are presented in a currency other than the parent's functional currency.

When so required by its policies and market expectations, the Company uses forward contracts approved and contracted by the Treasury Department in the corresponding market to control currency risk arising on commercial transactions and recognised assets and liabilities. The Treasury Department is responsible for managing the net position of each foreign currency by entering into external or local forward currency contracts, depending on their competitiveness and appropriateness.

Since the Company, as parent of the Prosegur Cash Group, intends to remain in the foreign markets in which it is present in the long term or permanently, it does not hedge the currency risk related to equity investments in those markets.

The value of the financial assets and liabilities attributable to the Company at 31 December, by type of currency, is as follows:

	Thousands of Euros			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Euros	279,235	1,189,815	314,793	1,245,480
US Dollar	10,504	-	-	-
Peruvian Nuevo Sol	-	1,478	-	-
South African Rand	17,125	-	6,527	19,121
Mexican Peso	346	-	-	-
Total	**307,210**	**1,191,293**	**321,320**	**1,264,601**

(ii) Interest rate, cash flow and fair value risks

As the Company does not have a significant amount of assets remunerated at variable interest rates, income and cash flows from operating activities are not basically by fluctuations in market interest rates.

Interest rate risk mainly arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. Fixed-interest borrowings expose the Company to fair value interest rate risks. In 2018 the Company's borrowings at variable interest rates were denominated in EUR.

The Company analyses its interest rate risk exposure dynamically. Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Details of loans and borrowings, indicating the portion considered to be hedged, at a fixed rate, are as follows:

	Thousands of Euros	
	2018	
	Total debt	Hedged debt
Non-current (Note 13)	609,241	609,241
Current (Note 13)	70,702	55,330
Total debt	**679,943**	**664,571**

	Thousands of Euros	
	2017	
	Total debt	Hedged debt
Non-current (Note 13)	612,288	612,288
Current (Note 13)	125	125
Total debt	**612,413**	**612,413**

(iii) Credit risk

The Company has no significant credit risk concentrations given that the main activity of the Company corresponds to group companies.

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Company's Treasury Department aims to be flexible with regard to financing.

Management monitors the Company's liquidity reserve forecasts, which comprise credit drawdowns and available cash, and are forecast based on expected cash flows.

The table below presents an analysis of the financial liabilities that will be settled for the net amount, grouped by maturities based on the period remaining from the balance sheet date until contractual maturity dates. The amounts presented in this table reflect the cash flows stipulated in the contract.

	Thousands of Euros				
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
31 December 2018	60,166	-	16,803	-	76,969

Finally, systematic forecasts are prepared for cash generation and requirements, allowing the Company to determine and monitor its liquidity position on an ongoing basis.

24 Events after the Reporting Date

On 7 February 2019, Prosegur Cash, S.A.'s syndicated loan, of up to EUR 300,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024, with the option of another two-year extension if the issuer agrees.

25 Accounting Principles

25.1 Intangible Assets

The assets in intangible assets are posted at purchase price or production cost. The capitalisation of production cost appears under "Self constructed assets" in the Profit and Loss Account. Intangible fixed assets are shown in the balance sheet at cost value less the amount of accumulated depreciation and impairment.

The costs incurred in carrying out activities that contribute to the development of the value of the Company's business as a whole, such as goodwill, trademarks and similar items generated internally, as well as the establishment expenses are recorded as expenses in the profit and loss account as they are incurred.

a) Computer Softwares:

Computer software licences purchased from third parties are capitalised at the cost of acquisition or cost of preparation of the specific software for use. Such costs are amortised over the estimated useful lives of the applications, at 5 years.

Computer software maintenance costs are charged as expenses when incurred.

b) Trademarks, licences, patents and others similar:

Licences have finite useful lives and are recognised at cost less accumulated amortisation and impairment. Licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of between one and 10 years.

c) Other Intangible assets:

Other intangible assets mainly comprise the set of knowledge and technical resources of the personnel acquired from Prosegur Compañía de Seguridad, S.A. (Note 6) They are amortised on a straight-line basis over their estimated useful life of between two and 10 years.

25.2 Property, Plant and Equipment

Property, plant and equipment are recognised at cost of acquisition or production, less accumulated depreciation and any accumulated impairment.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is increased and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over their estimated useful life, while recurring maintenance costs are charged to the Profit and Loss Account during the year in which they are incurred.

Depreciation of property, plant and equipment is calculated systematically on a straight-line basis over the estimated useful lives of the assets based on the actual decline in value and use.

The Company uses the following depreciation rates:

	Depreciation rate
Other Installations	10%
Furniture	10%
Data processing equipment	25%
Other Property, Plant and Equipment	10% to 20%

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount.

Profit and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount, and are recognised in the Profit and Loss Account.

25.3 Impairment Losses on Non-financial Assets

Assets subject to amortisation or depreciation are tested for impairment whenever an event or change in circumstances indicates that their carrying amount might not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use.

For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU).

Non-financial assets for which impairment losses have been recognised, are tested at each balance sheet date in case the loss has reversed.

25.4 Financial assets

a) Investments in equity instruments of Group companies, jointly controlled companies and associates

These investments are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for jointly controlled companies and associates the transaction costs incurred, and are subsequently measured at cost net of any accumulated impairment losses. However, for investments made prior to classification as a group company, jointly controlled company or associate, the cost of the investment is considered to be the carrying amount immediately before this classification. Valuation adjustments previously recognised in equity remain in equity until the investment is derecognised.

If there is objective evidence that the carrying amount is not recoverable, the amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood as the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment. Unless there is better evidence of the recoverable amount of the investment, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date. Impairment losses are recognised and reversed in profit and loss.

b) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The assets are classified as current unless they mature in more than 12 months after the balance sheet date, in which case they are classified as non-current.

These financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument's carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one year are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not updating is immaterial.

At least at year end, the necessary impairment losses are recognised when there is objective evidence that all the amounts receivable will not be collected.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses are recognised and reversed in profit and loss.

c) Write-offs of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new assets obtained less any new liabilities assumed and any cumulative profit or loss deferred in recognised income and expense, is recorded in profit or loss.

d) *Value impairment on other financial assets*

A financial asset or group of financial assets is impaired and an impairment loss has occurred, if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events causing the loss and with an impact on the estimated future cash flows of the asset or group of financial assets that can be estimated reliably.

The Company follows the criterion of recording the appropriate value adjustments for impairment of loans and receivables and debt instruments when there has been a reduction or delay in future estimated cash flows due to debtor insolvency.

Likewise, in the case of equity instruments, there is value impairment when there is a lack of recoverability of the carrying amount of the asset due to a prolonged or significant decrease in its fair value.

e) Offsetting principles

A financial asset is offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset simultaneously.

25.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits at banks and financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company's usual cash management policy.

25.6 Net equity

The acquisition by the Group of equity instruments of the parent company is presented at acquisition cost separately as a reduction in net equity in the consolidated balance sheet, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the parent's equity instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

The transaction costs relating to own equity instruments are recognised as a reduction in net equity once any tax effect has been taken into account.

25.7 Financial liabilities

a) Debts and payables

This category includes trade and non-trade payables. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the discount rate that matches the instrument's carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not discounting flows is not significant.

If existing payables are renegotiated but the lender has not changed and the present value of future cash flows, including net fees paid, differs by less than 10% from the present value of future cash payments for the original liability, calculated using the same method, the liability is not considered to be substantially modified.

b) Write-offs of financial liabilities

A financial liability, or part of a financial liability, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

c) Offsetting principles

A financial liability is offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to settle the liability simultaneously.

25.8 Current and Deferred Tax

The income tax expense (income) for the year comprises current tax and deferred tax.

The current and deferred tax expense (income) is recognised in the Profit and Loss Account. However, the tax effect of items recognised directly in equity is recorded in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are calculated using the liability method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amount. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised. Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

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

Deferred tax assets arising from deductible temporary differences are recognised provided future tax gains are likely to exist for offset thereof that will reverse within ten years. Assets arising from the initial recognition of assets and liabilities in a transaction which is not a business combination and which does not affect either the carrying profit or the taxable base on transaction date, are not subject to recognition. Assets which will reverse in a period exceeding ten years are recognised over the years, provided there is a likelihood of future tax gains.

Tax planning opportunities are only considered when assessing the recovery of deferred tax assets, if the Company intends to use them or is likely to do so.

The Company recognises the reversal of a deferred tax asset in an account receivable with a Public Entity when it is enforceable in accordance with tax legislation in force. Likewise, the Company recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

25.9 Employee benefits

Compensations based on the share price of Prosegur shares - 2017 and 2020 Plan

These provisions include the accrued incentive in the 2017 and 2020 long-term incentive plan for the Executive President, Executive Director and Senior Management of Prosegur Cash. During the year, provisions to profit/(loss) amounted to EUR 1,852 thousand (EUR 2,082 thousand at 31 December 2017). Said amount includes the amount accrued relating to the 2017 and 2020 Plan.

The 2017 Plan and 2020 Plan are generally linked to value creation and envisage the payment of share-based and/or incentives to the Executive President, Executive Director and Senior Management.

For both plans, for the purpose of determining the value of each share to which the Beneficiary has the right, the average quotation price of Prosegur Cash shares in the Madrid Stock Exchange will be taken as reference during the last fifteen trading sessions of the month prior to the one in which the shares must be delivered.

Quantification of the total incentive will depend on the degree of achievement of the targets established in the strategic plan.

At the general meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for the Executive President, Executive Director and Senior Management of Prosegur Cash. The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022.

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur Cash's share quotation price at the close of the period, EUR 1.93 share (EUR 2.68 share in 2017) or at the payment time.

25.10 Provisions and Contingent Liabilities

Provisions for possible restructuring costs and/or litigation are recognised when the Company has a present obligation (legal or tacit) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any adjustments made to update the provision are recognised as a financial expense when accrued.

Provisions expiring in one year or less, the financial effect of which is immaterial, are not discounted.

Reimbursements from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received.
Possible obligations arising from past events, the materialisation of which is contingent on one or more future events beyond the control of the consolidated entities, are considered contingent liabilities. These contingent liabilities are not recognised in the accounts but are disclosed in the notes (see Note 16).

25.11 Revenue recognition

Revenue is recognised at the fair value of the consideration receivable and reflects the amounts to be collected for goods handed over and services rendered in the ordinary course of the Company's activities, less returns, rebates, discounts and value added tax.

The Company recognises revenue when the amount can be reliably estimated. It is probable that the future economic benefits will flow to the Company and the specific conditions are met for each of the activities, as described below. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific contractual terms.

a) Interest received

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company writes the carrying amount down to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and carries the discount as a reduction in interest received. Interest received on impaired loans is recognised using the effective interest method.

b) Dividend received

Dividends received are recognised when the right to receive payment is established.

Dividend revenue from investments in equity instruments is recognised when the rights for the Company have arisen. If the distributed dividends come unequivocally from results generated prior to the acquisition date because amounts greater than the profits generated by the investee since the acquisition have been distributed, they reduce the carrying amount of the investment.

25.12 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency profit and losses arising on the settlement of these transactions and the translation into EUR of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in profit or loss.

25.13 Related Party Transactions

Transactions between Group companies, except those related to mergers, spin-offs and non-monetary contributions, are initially recognised at the fair value of the consideration given or received. If the agreed price differs from the fair value, the difference is recognised based on the economic substance of the transaction. Transactions are subsequently measured in accordance with applicable standards.

In the non-monetary contributions to a group company, the contributor will value their investment at the carrying amount of the delivered equity items in the consolidated annual accounts on the date on which the transaction is made, according to the Standards for the Preparation of Consolidate Annual Accounts. The acquiring company will recognise them for the same amount.

In the merger and spin-off transactions between companies of the group in which the parent company of the group or the parent company of a subgroup and its subsidiary directly or indirectly intervene, the acquired equity items are valued for the amount that would correspond to them after the operation in the consolidated annual accounts of the group or subgroup according to the aforementioned Standards for the Preparation of Consolidate Annual Accounts. The difference that could be shown in the accounting entry by the application of the above criteria will be recorded in a reserves item.

PROSEGUR CASH, S.A.

Directors' Report for 2018

Consolidated Directors' Report for 2018

This Directors' report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of the Directors' reports of listed companies, published by the CNMV.

1. The Company's situation

Prosegur Cash, S.A. was incorporated as a single person limited company in accordance with Spanish law on 22 February 2016, and subsequently transformed into a public limited company on 21 September 2016.

This Company was the result of a spin-off of the Cash business unit of the Prosegur Group, performed by means of a non-monetary contribution of entities under the shared control of the Prosegur Group.

Shares in Prosegur Cash were listed on 17 March 2017 at a price of 2 Euros each, in the stock exchanges of Madrid, Barcelona, Bilbao and Valencia, and are traded on the Spanish Stock Exchange Interconnection System (SIBE).

On 7 April 2017, the Green Shoe period of the stock market flotation ended, and the free float attained 27.5% of the share capital of Prosegur Cash, S.A.

The Prosegur Cash Group operates in the following countries: Germany, Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Spain, The Philippines, France, Guatemala, Honduras, India, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa and Uruguay.

1.1 Business model

Prosegur Cash provides services ranging from basic cash in transit and cash management to added-value outsourced services. It includes, primarily, the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk. The activity focuses mainly on the banking and retail sectors.

Prosegur Cash comprises the following business lines:

- **Cash in Transit/Logistics:** local and international transport services, via land, sea and air, of funds and other valuable goods, such as jewellery, works of art, precious metals, electronic devices, pharmaceutical products, voting ballots and legal evidence, among others. These services include collection, transport, custody, delivery and deposit in vaults.

- **Cash management:** comprises counting, processing, equipment, custody, packaging and delivery of cash in bank notes and coins, and the loading of ATMs.

- **New services:** includes the following:

    - Automation of payments in retail establishments via smart cash, including devices for paying in cash, recycling or dispensing bank notes and coins, and payment of invoices.
    - ATM integrated management, including planning, supervision, first- and second-tier maintenance, and tallying; and
    - Added-value outsourced services (AVOS) for banks, including planning for branch requirements, reconciliation and tallying, and credit card support services.

The mission, vision and values of Prosegur Cash evidence the aspirations and challenges and define the company's approach.

Mission

Our mission or purpose (what makes us work every day) is to generate value for our shareholders, clients and society, offering integrated cash management solutions and related activities, incorporating cutting-edge technology and relying on the talent of top professionals.

Vision

Our vision (the goal we pursue) is to be a leader (nimble and efficient) in the emerging markets sector through the consolidation and transformation of the industry, harnessing the third round of outsourcing at banks.

Values

Our Values (the principles that identify us) encompass the beliefs that guide our conduct. They are the reflection of who we are, how we behave and the way we work for our clients: Pro-Active Approach, Value Creation, Client-Friendliness, Transparency, Excellence, Leadership, Teamwork and Brand.

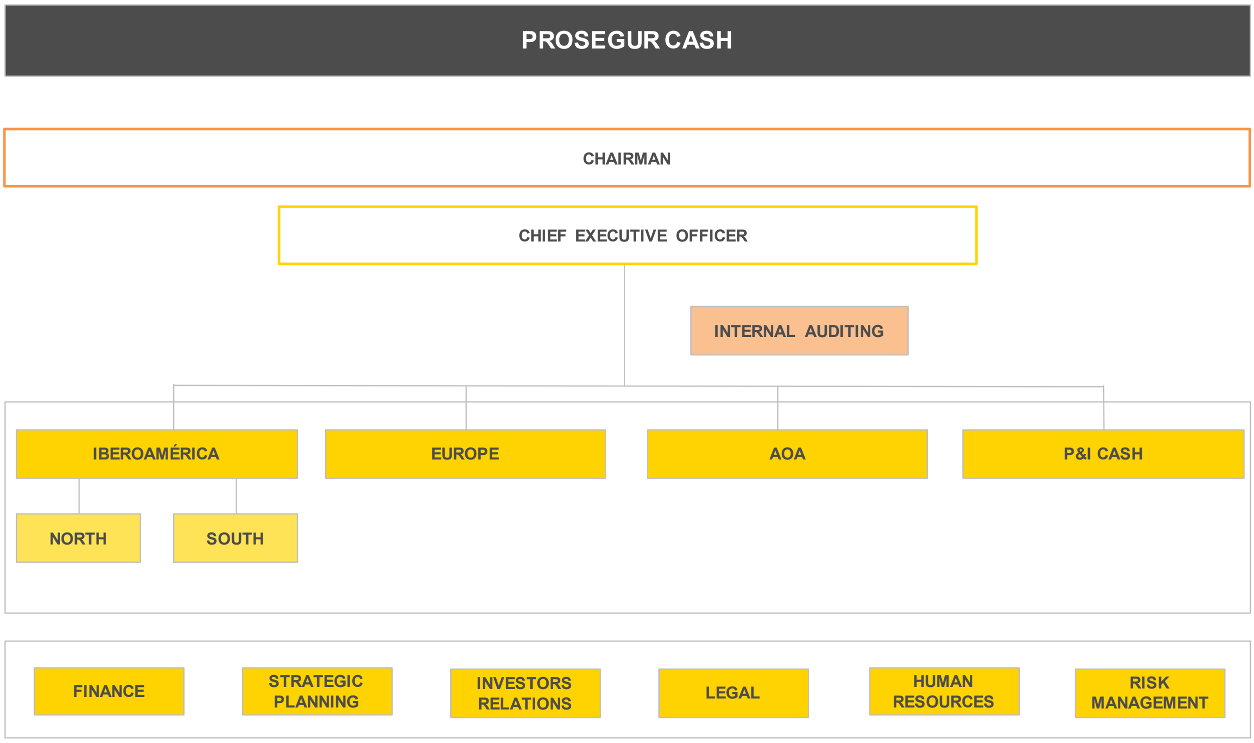
1.2 Organisational structure

The organisational structure of the Group, of which the Company is parent, is designed to improve business processes and add value to our clients every day. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur Cash Group as a business group.

The Business Areas are divided into three geographical segments—Europe, Asia-Oceania-Africa (AOA) and Latam—plus a fourth, the Innovation and Production Area, affording us a nimble and efficient structure that is entirely client-oriented, adapting to the various needs of our clients and ensuring innovation in our products.

The corporate functions are supervised by the Global Support Divisions that cover the Finance, Human Resources, Investor Relations, Legal, Strategic Planning and Risk Management areas.

The organisation of Prosegur Cash Group is shown in the table below:



The Board of Directors is the top management body and the body ultimately responsible for decision-making with regard to operations and reviewing the internal financial information with a view to evaluating profit/(loss) and allocating resources.

Changes to the Group's structure

The changes in the composition of the Prosegur Cash Group, of which the Company is the parent, during 2018 were mainly due to the following acquisitions:

- Cash business combinations in Ibero-America: In 2018, in Ibero-Amercia, Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. The total purchase price was EUR 61,086 thousand, comprising a cash payment of EUR 33,161 thousand, and a deferred contingent consideration totalling EUR 27,925 thousand maturing in 2018, 2019, 2020 and 2021.

- Cash business combinations in AOA: In 2018, in AOA Prosegur acquired a security company providing cash in transit and cash management services. The total purchase price was EUR 20,664 thousand at the acquisition date, comprising a cash payment of EUR 12,593 thousand and a deferred contingent consideration totalling EUR 8,071 thousand.

- Cash business combinations in Europe: In 2018, in Europe, Prosegur acquired a series of security companies providing ATM management and maintenance services, cash in transit and document management and the development and marketing of software specialising in prevention of money-laundering and terrorist financing. The total acquisition price was EUR 11,664 thousand, comprising a cash consideration of EUR 6,922 thousand, a deferred contingent consideration amounting to a total of EUR 4,492 thousand, due in 2018, 2019, 2020, 2021, 2022 and 2023 and a deferred payment of EUR 250 thousand, due in 2019.

The following companies were incorporated in 2018:

- In February 2018 Prosegur Colombia 1 S.L.U. was incorporated in Spain.
- In February 2018 Prosegur Colombia 2 S.L.U. was incorporated in Spain.
- The company Prosegur Servicios de Pago EP S.L.U. was incorporated in Spain in June 2018.
- In June 2018, Prosegur Global Resources Holding Philippines Incorporated was incorporated in The Philippines.
- In July 2018 Prosegur Logistica e Armazenamento Ltda was incorporated in Brazil.

In 2018, the Brazil Security business was sold (Note 15 of the consolidated annual financial statements).

Additionally,in December 2018, Prosegur Brasil Transportadora de Valores de Segurança completed the takeover by merger of Transexcel Segurança e Transporte de Valores Ltda in Brazil.

1.3 Operation

The unceasing development of the environment in which Prosegur Cash operates has played a crucial role in the company’s transformation over the last few years. In this connection, Prosegur Cash established three main goals:

- Respond to clients’ new needs, in line with market trends.
- Become their trusted strategic partner.
- Boost their value through efficiency in processes and by implementing increasingly technological services.

At present, Prosegur Cash is in the midst of a new Prosegur Group Three-Year Strategic Plan 2018-2020. Our ambition to lead the transformation of the industry has led us to embark on a digital transformation of the company, hinging upon three basic pillars: Digitalise, Innovate and Grow.

Specific goals have been set in connection with each pillar and, after the first year of the plan, considerable progress has already been made.

Digitalise

With regard to digitalisation, the established goals are:

- Roll out the necessary platforms and tools to simplify management and enhance the client experience, paving the way for Prosegur Cash to lead the industry in the future.
- Support operational excellence and the technological improvement of processes in order to boost profitability.
- Reduce the weight of indirect costs that do not create value for clients.
- Attract, develop and retain the most highly-qualified professionals. To do this, Prosegur offers them the necessary know-how and tools to enhance their skills and grow within the company.

In 2018, the first year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- In connection with Information Technologies, progress in standardising the technological infrastructure, harmonising systems and reducing operational errors.
- In Human Resources, developing candidate screening using data analysis.
- Automating interfaces with clients.

Innovate

With regard to innovation, the established goals are:

- Listen to clients to develop new value proposals that meet their needs.
- Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

In 2018, we enhanced sales of smart cash and added-value outsourced services (AVOS).

Grow

With regard to growth, the established goals are:

- Maintain high rates of profitable organic growth.
- Continue with the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.

Over the course of 2018, progress was made in the acquisitions strategy, entering new countries and consolidating some of our existing markets.

Prosegur Cash aims to accelerate its growth in a profitable manner, benefiting from the third wave of outsourcing and the potential consolidation of the sector. In this regard, the company has decided to sell new products, especially those linked to retail automation, integrated ATM management and high value-added services. Likewise, it wishes to continue playing a pivotal role in consolidating the sector, to strengthen not only its existing position but to create the necessary platforms for its future growth.

This strategy, which we call ECT, entails three main pillars: Expediency (E), Consolidation (C) and Transformation (T):

Expediency (E) means the capacity to be nimble and efficient in operations and, also, in executing our strategy. The idea is to continue to grow in the markets where the company operates and nurture a level of operating excellence to enable us to continue boosting profitability.

Consolidation (C) must help to harness more synergies in markets in which the company operates and gain a foothold in new markets that enable us to continue growing.

Transformation (T) means developing new, higher added-value products that will gradually replace the more traditional ones.

In addition, a light-weight, efficient corporate team has been created that is firmly committed to digital transformation as a means of satisfying and supporting the various needs of the business.

2. Business performance and profit/(loss)

2.1 Main financial and non-financial indicators

(Thousand of euros)		2018	2017	Variation
Sales		**161,789**	**156,492**	**3.4%**
EBITDA		**148,708**	**142,301**	**4.5%**
	Margin	91.9%	90.9%	0.0%
Depreciation of property, plant and equipment		(93)	(1,857)	-95.0%
Depreciation of intangible assets		(2,735)	(739)	270.1%
EBIT		**145,880**	**139,705**	**4.4%**
	Margin	90.2%	89.3%	0.0%
Financial results		**(13,546)**	**(18,034)**	**-24.9%**
Profit before tax		**132,335**	**121,671**	**8.8%**
	Margin	81.8%	77.7%	0.0%
Tax		**3,283**	**5,484**	**-40.1%**
	Tax rate	2.0%	3.5%	0.0%
Net profit from continued operations		**135,618**	**127,155**	**6.7%**
Net profit from discontinued operations		135,618	127,155	6.7%
Net profit		**135,618**	**127,155**	**6.7%**

The significant variation in financial results with respect to 2017 is due to the exchange differences arising from commercial group transactions. The sales are determined mainly by the dividends received from the investees.

2.2 Investments

All of the Prosegur Cash Group's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to Prosegur Cash's management for approval.

2.3 Personnel

The company's personnel as of 31 December 2018 was 40 people (41 in 2017).

2.4 Environment

At the end of 2018, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

3. Liquidity and capital resources

Liquidity

Prosegur Cash keeps a reasonable level of liquid reserves and a great financing capacity available to ensure flexibility and rapidity in meeting the requirements of working capital of investing capital or inorganic growth.

Capital resources

The structure of the long term financial debt is determined by the following contracts:

a) On 29 January 2016, the Prosegur Group formalised a loan in rands for a term of 4 years with bullet amortisation (Note 28 of the consolidated annual accounts). Said loan was assigned to Prosegur Cash on 6 July 2017 in the amount of 272 million South African rands (which, on 31 December 2017, had an equivalent value of EUR 16.5 million). Prosegur Cash will maintain the same loan conditions and the same term, until 29 January 2020. At the same time as assigning the loan, Prosegur paid Prosegur Cash in cash an amount equivalent to the principal plus interest accrued.

b) On 10 February 2017, a new syndicated financing operation was arranged for a credit facility in the amount of EUR 300 million for a five-year term. At 31 December 2018, no amount has been drawn down.

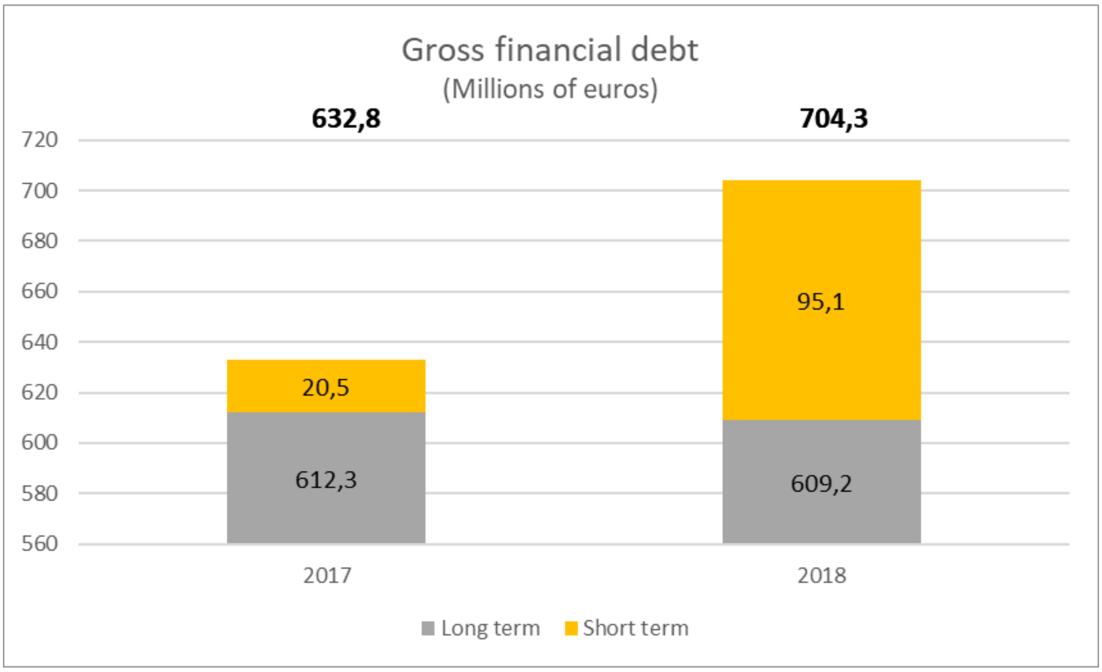
c) On 28 April 2017, Prosegur Cash, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70 million for a 3-year term. At 31 December 2018 the drawn down capital corresponding to the loan amounts to AUD 70 million (equivalent to EUR 45.6 million at 31 December 2017).

d) On 4 December 2017, Prosegur Cash, S.A. launched a EUR 600 million bond issue maturing on 4 February 2026. The bonds trade in the secondary market—the Irish Stock Exchange—accruing an annual coupon of 1.38%, payable at the end of each year.

Long-term gross financial debt maturing over one year has reached at the end of 2018 the amount of EUR 609.2 million (EUR 612.3 million in 2017), basically comprising the bond issued on 4 December 2017, maturing in 2026.

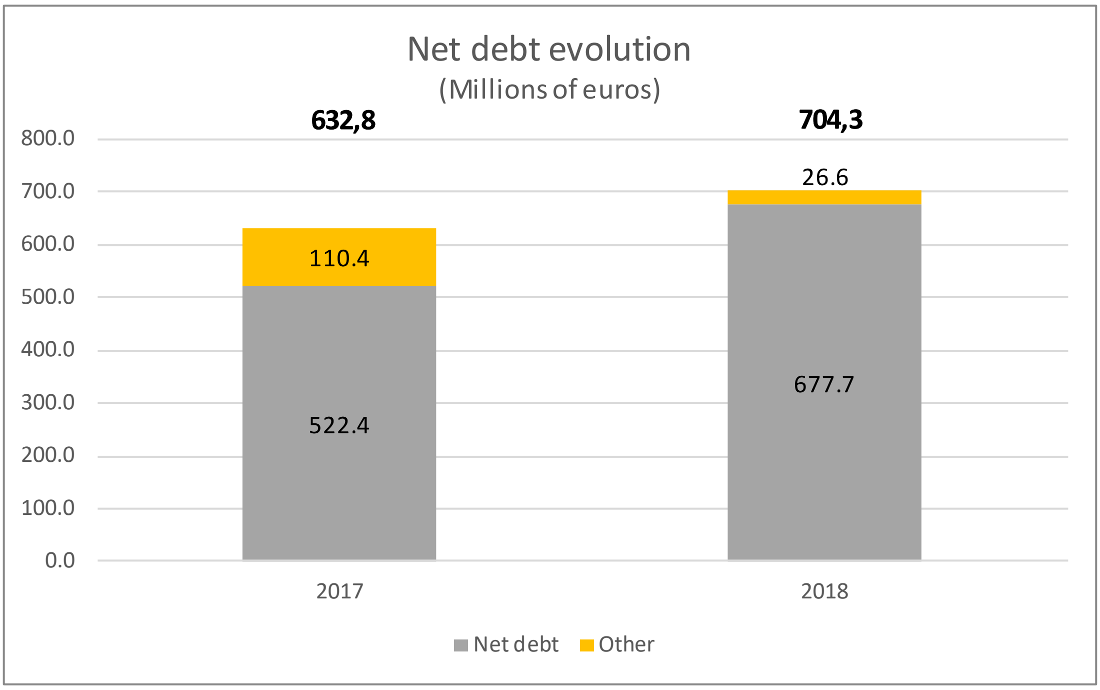
Current gross financial debt totals EUR 95.1 million (EUR 20.5 million in 2017) mainly due to loans with credit institutions.

The current and non-current maturities of gross financial debt are distributed as follows:



No significant changes are expected in 2019 in regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2018.

Comparison of gross debt and net debt from 2017 and 2018 is shown in this table:



Analysis of contractual obligations and off balance sheet obligations

At 31 December 2018 there are no commitments to the sale of assets or of any other nature.

4. Main risks and uncertainties

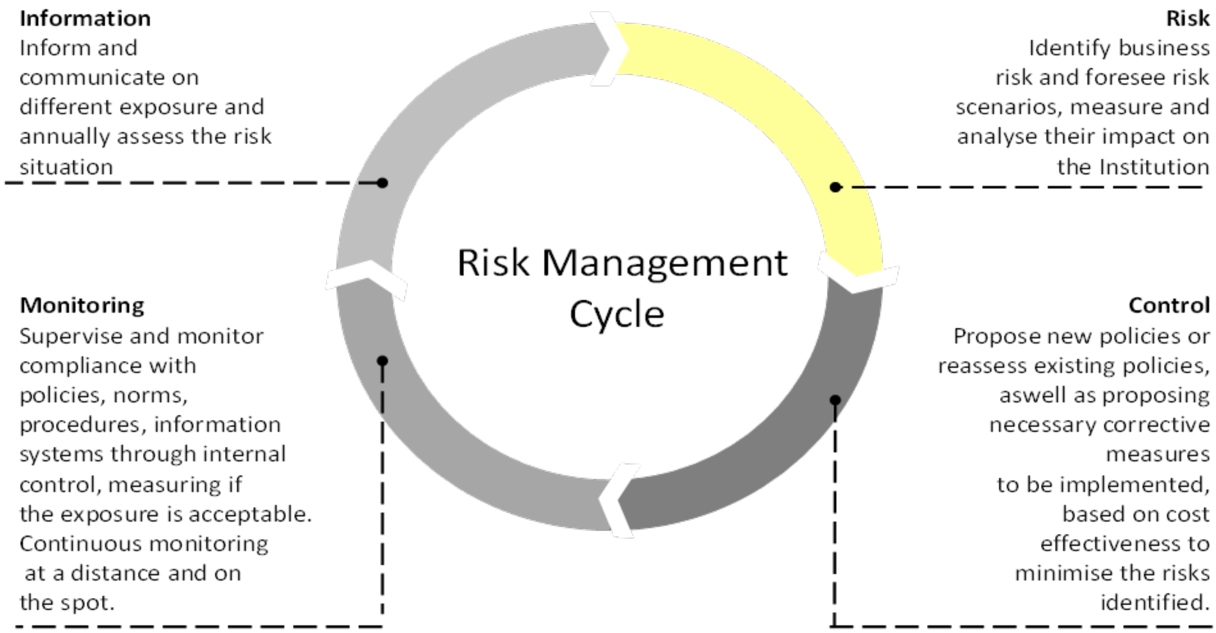
The Prosegur Cash Risk Management system is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system and works together with applied standards in the main clients of financial industry, such as Basel III, and the ISO 31000 standards. The maximum responsibility for risk management falls on the Board of Directors. Among the basic responsibilities of the Audit Committee are to supervise the efficiency of internal control and risk management systems, to verify their suitability and integrity and to review the designation and replacement of the persons responsible.

The main risks identified are:

- Regulatory risk. Regulatory non-compliance, including laws concerning labour and social security, tax, arms control or anti-money laundering in each market and/or as a whole. Adverse changes in regulatory conditions, including tax legislation, or restrictions on obtaining or renewing permits and licences.
- Risks relating to incidents involving assets guarded or loss of cash. Insufficient insurance cover.
- Transactions in markets with a temporary reduction in demand. Prolonged reduction in the use of cash.
- Transactions in highly competitive markets. Pressure on prices and margins. Economic environment.
- Reputational Risk. Negative publicity in connection with the company. Loss of confidence.
- Financial risks, including changes in interest rates or exchange rates, counterparty and tax risks.
- Failures or incidents in the IT infrastructure.
- Loss or theft of confidential information on clients or pertaining to the company. Cyberattacks, security breaches and IT failures.
- Inadequate management of labour costs.
- Decline in liquidity generation or in cash management.

4.1. Operational Risks

The Prosegur Cash risk management cycle is the following:



Regulatory risk

The security sector is subject to a variety of regulations that are constantly changing and are applicable to the activities of the Group and its clients all over the world. Increasing regulations in the regions where Prosegur Cash conducts its business could have a substantial adverse effect on its activity, financial situation and operating income.

Specifically, Prosegur Cash's activity is directly and indirectly affected by legislation, regulations and administrative requirements of local, regional and national authorities of the countries where it operates, and the special requirements of other entities, such as insurance companies and organisations within the sector. Certain aspects of Prosegur Cash's activity are subject to licensing requirements. Furthermore, many countries require permits for security services, including for carrying weapons when armoured vehicles are used to transport goods. The Group depends on maintaining these licences and permits, and on renewing them where appropriate. Similarly, many of the Group's clients, such as financial institutions, are subject to regulations, and if these regulations change they may indirectly have a material adverse effect on the Group's business, financial situation and operating income.

There is no guarantee that legislation, regulations and requirements imposed by authorities and other entities will not change in the future and, accordingly, alter the conditions of the Group's activity. The authorities may introduce new guidelines concerning requirements for specific practices, security solutions and training and certification of staff. The Group could be required to effect changes in its operations or additional investments to adapt to new or amended laws or standards, such as increasing the number of staff manning an armoured vehicle or using cash degradation mechanisms, such as staining bank notes to render them unusable in the event of robbery. These changes and the relevant investments could have a substantial adverse impact on the Group's business, financial situation and operating income. Likewise, a reduction or easing of local regulations could result in increased competition for the Group due to the entry of new participants in the market or a larger number of smaller competitors. Moreover, failure to comply with applicable laws or regulations could lead to sizeable finds or the revocation of the Group's permits and operating licences, which would also have a substantial adverse effect on its business, financial activity and operating income.

Prosegur strives to ensure regulatory compliance and the management of operational and regulatory compliance risks, in view of their impact on the commitments undertaken with stakeholders and, in particular, with clients.

Regulatory risks are mitigated by identifying the risk at an operational level, regularly assessing the control environment and implementing and continuously monitoring programmes to ensure the proper operation of controls implemented.

The local Business Areas define the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels, at an operational control level and in regard to regulatory compliance. For this purpose there are standard procedures in place in all the countries where the group operates, consistent with the requirements of regulations applicable in each case.

Likewise, Management plays a crucial role in compliance with all regulations affecting the Prosegur Cash Group. With regard to regulations affecting the prevention of money laundering, it has money laundering prevention units (MLPUs) in those countries where it is subject to applicable regulations (Spain, Australia and all Latam countries where it operates). These units focus on implementing control and supervisory measures to prevent the cash in transit business from being used to launder funds.

Operational risks

Operational risks are those related to burglaries and robberies, errors in operations, legal penalties and, as a result thereof, business continuity risk. There are formal programmes and policies that help to control this type of risk.

We would highlight the monitoring duties carried out by the Security Area in traceability control and monitoring processes of operations carried out in the transport, handling and storage of cash. Furthermore, additional assistance is provided for claims or differences in the cash management activity, helping to identify best practices and designing procedures to minimise the risk of loss.

Client concentration

The Prosegur Cash Group does not have significant concentrations of clients. Note 29.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur Cash Group.

4.2. Financial risks

Interest rate risk

Prosegur Cash Group is exposed to interest rate risk due to its monetary assets and liabilities.

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2018, the majority of Prosegur Cash Group's financial liabilities at floating interest rates were denominated in Euros.

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

Exchange rate risk

Prosegur Cash is exposed to foreign currency exchange risks arising from its revenues being generated in various currencies (mainly Brazilian real, Argentine, Colombian, Chilean and Mexican pesos, Peruvian sol and Australian dollar), while its functional currency is the Euro.

To the extent that local costs and revenues are denominated in the same currency, the effect of exchange rate fluctuations on Prosegur Cash's margins may be neutral (although the absolute size of these margins in Euros would continue to be affected). Fluctuations in exchange rates may also affect the company's financing costs for instruments denominated in currencies other than the Euro. While some of these effects can be offset by corresponding inflation fluctuations, this will not necessarily be the case.

In general, Prosegur Cash does not use currency derivatives to hedge its expected future operations and cash flows, so exchange rate fluctuations may have an adverse effect on the business and, accordingly, the company's financial situation and profit/(loss).

The natural coverage made by Prosegur Cash Group is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated and it is possible to time the investments made in each country based on operating requirements.

The debt in EUR represents almost all of the financial debt.

Note 14 of the Prosegur Cash's Individual Annual Accounts reflects the value of financial liabilities in the various currencies.

Credit risk

The Credit and Collection Departments of each of the countries in which the Prosegur Cash Group operates carries out a risk assessment of each client on the basis of the contract data and establishes credit limits and payment terms which are recorded in the Prosegur Cash Group's management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). Restrictions on counterparty risk are clearly defined in the corporate policies of the Finance Department and updated credit limits and levels are periodically published.

5. Average payment period to suppliers

The average payment period to suppliers in 2018 was 52 days (49 days in 2017).

6. Important circumstances after the reporting period

On 7 February 2019, Prosegur Cash, S.A.'s syndicated loan, of up to EUR 300,000 thousand, was renewed, and its maturity extended by another 5 years until February 2024, with the option of another two-year extension if the issuer agrees.

7. Information on the foreseeable performance of the entity

Unlike 2018, which was shaped by a deterioration in conditions for accessing international financial markets and the depreciation of emerging currencies, the outlook for 2019 is more optimistic, mainly because there is more certainty relating to the Brazilian economy and because the slower pace of tightening of monetary conditions in the United States may translate into more favourable prospects for emerging economies.

Nevertheless, those economies presenting sizeable external imbalances and/or high levels of indebtedness should be closely monitored, since they will likely continue to face adverse financial conditions.

The presidential election in Argentina, one of Prosegur Cash's main markets, scheduled for October, could introduce uncertainty towards the end of the year.

Against this macroeconomic backdrop, the company will remain focused on developing its business in new products, where it expects to post significant growth. Moreover, the company expected to increase its profitability in local terms in those countries where it operates, and to continue strengthening its internal control procedures to guarantee the maximum efficiency in the various businesses and to optimise cash generation.

Latam currencies are expected to depreciate over the course of 2019, albeit less so than in the previous year. In this connection, the company hopes to be able to mitigate the impact of this on the basis of potential development in the region, greater access to the retail market and its capacity to secure client loyalty and offer them the very best services.

The excellent profit/(loss) obtained in the past by the sales teams in the Latam region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturity process, allows us to approach 2019 with optimism.

The experience acquired in each of these markets over the years have enabled us to develop a successful business model that minimises the impact of events affecting the normal course of business, such as the recession in Brazil, the currency exchange restrictions in Argentina, the devaluation of currencies in the region, while at the same time enabling us to maintain or improve profit/(loss) in the countries where we operate.

Meanwhile, the improving economic environment in Europe will gently drive business growth in most of the countries where we operate, except for France, where the company expects to recover some of the ground lost in 2018. The company is in the midst of an expansion plan that will strengthen its position in France and is aimed at gradually clawing back part of the volume lost over the next few years.

In any event, the company plans to continue evidencing its excellent capacity for adaptation to various situations and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the burgeoning favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services.

Lastly, with regard to the AOA region, the company faces the challenge of completing optimisation of its recently acquired operations in the Philippines and resuming growth in Australia. In this connection, the launch of certain commercial and operational initiatives lead us to be much more optimistic with a view to 2019.

The ample financial structure, with limited levels of leveraging, coupled with the capacity to generate cash, positions the Prosegur Cash Group in an excellent position to continue to pursue its inorganic growth strategy without compromising the limitations on debt levels the company has imposed on itself and that are even more stringent than those included in the available bank financing or required by the rating agencies for investment grade companies. The company plans to grow by entering markets with high growth potential, thereby diversifying risks and opportunities.

In conclusion, in order to tackle the major challenges coming up over the next few years, it is worth noting that the company has excellent growth levers, one of the world's best platforms for transporting funds and handling cash, with a notable presence in emerging markets, unequalled by any competitor, and optimal solvency and financial solidity to drive its expansion. The next few years will focus both on traditional organic growth and expansion via new products, maintaining current profitability levels, and on consolidating its leadership, gaining market share and enhancing its image as a global flagship in its sector.

Estimates and opinions regarding the future development and profit/(loss) at Prosegur Cash's businesses are subject to risks, uncertainties, changes in circumstances and other factors that may lead the actual profit/(loss) to differ materially from forecasts.

8. Acquisition/disposal of own shares

On 8 May 2017, the company arranged a liquidity contract in accordance with regulations applicable at that time. Prior to signing this agreement, the company did not have treasury stock. The operating process prior to the liquidity contract to set up treasury stock ended on 8 June 2017, having attained treasury stock of 1,000,000 shares. The liquidity contract came into operation on 9 June 2017 and ended on 10 July, when contract agreement was terminated. On 7 July 2017, the company signed a new liquidity agreement, entering into force on 11 July 2017, in accordance with the new legislation, commencing operations again to boost the contractual liquidity.

At 2018 year end, Prosegur Cash, S.A.'s treasury stock amounted to 1,057,307 shares (787,474 shares in 2017), of which 602,496 are linked to the liquidity contract (295,789 in 2017).

9. Alternative Performance Measures

In order to meet ESMA guidelines on Alternative Performance Measures (hereinafter, APMs), the Prosegur Cash Group presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS-EU). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the company's performance. The Prosegur Cash Group provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.

APM	Definition and calculation	Purpose
CAPEX	Capex (*Capital Expenditure)* represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.	CAPEX is an important indicator of a company's life cycle at a given point in time. When a company experiences rapid growth, CAPEX will exceed the depreciation of its fixed assets, indicating that the value of its equipment is increasingly quickly. In contrast, CAPEX that is similar to or even below fixed asset depreciation is a clear sign that the company is experiencing capital depletion, and may be a symptom of the company's decline.
EBIT 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.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

The reconciliation of Alternative Performance Measures is as follows:

CAPEX (Millions of Euro)	**31.12.2018**	**31.12.2017**
Technical installations and machinery	53	22
Other installations and furniture	64	4
Armoured vehicles and other property, plant and equipment	15	21
Subtotal: Property, Plant and Equipment additions	132	47
Software additions	420	215
Total CAPEX	**552**	**262**

Adjusted EBIT Margin (Millions of Euro)	**31.12.2018**	**31.12.2017**
EBIT	145,880.00	139,705.19
Revenues	161,789.00	156,492.19
Adjusted EBIT Margin	**90.2%**	**89.3%**

Net Financial Debt (Millions of Euro)	**31.12.2018**	**31.12.2017**
Financial liabilities **(A)**	704291	632795
Cash and cash equivalents **(B)**	(2,286)	(89,989)
Less: other financial current assets **(C)**	0	0
Total Net Financial Debt (A+B+C)	702,005	542,806
Less: other non-bank payables **(D)**	(24,348)	(20,382)
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payaments for M&A acquisitions) **(A+B+C+D)**	**677,657**	**522,424**

EBITA (Millions of Euro)	**31.12.2018**	**31.12.2017**
Consolidated profit for the year	135,618	127,155
Income tax expenses	-3,283	-5,484
Net finance income / costs	13,546	18,034
Amortizations	2,735	739
EBITA	**148,616**	**140,444**

EBITDA (Millions of Euro)	**31.12.2018**	**31.12.2017**
Consolidated profit for the year	135,618	127,155
Income tax expenses	-3,283	-5,484
Net finance income / costs	13,546	18,034
Depreciation and amortization	2,828	2,596
EBITDA	**148,708**	**142,301**

10. Other significant information

Stock market information

Prosegur Cash focuses its efforts in the creation of value for its shareholders. Improving profit/(loss) and transparency, as well as rigour and credibility, are what guides the company's actions.

The company's corporate website features the policy that governs its relationship with shareholders and investors, as approved by its Board of Directors. In this connection it undertakes to foster effective and open communication with all shareholders, at all times ensuring that the information it provides is both coherent and clear. Moreover, the company seeks to maintain transparent and regular contact with its shareholders, so as to nurture mutual understanding of their goals.

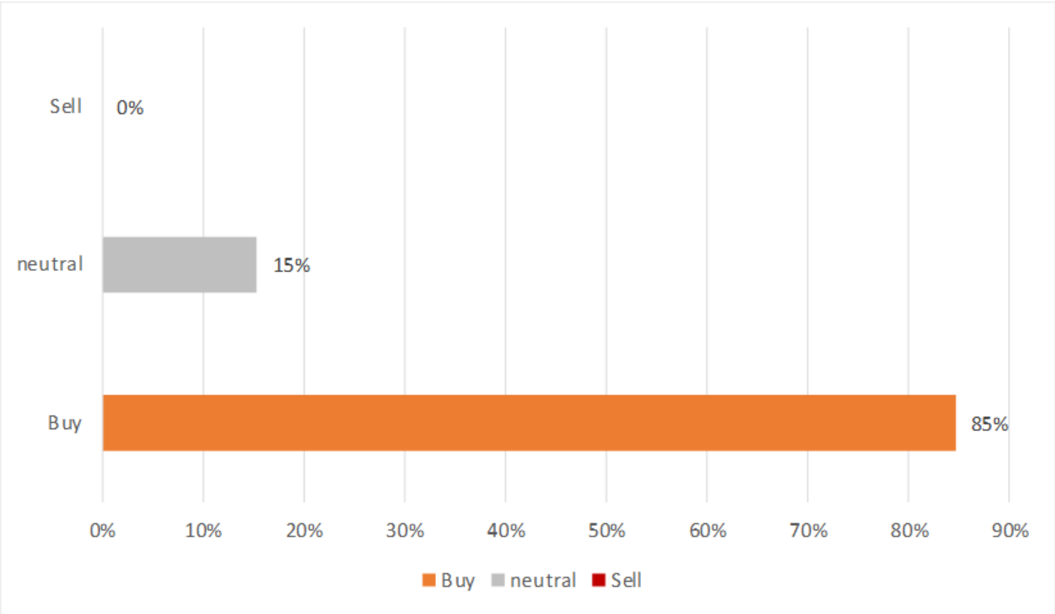
In order to fulfil our commitment to transparency, the company tries to provide all its financial and strategic communications in an open and coherent manner, ensuring, wherever possible, the use of simple language to make them comprehensible, and that the information shows a fair, balanced and understandable view of the situation and prospects of Prosegur Cash.

The company is open to receiving comments and suggestions for improvement, which may be submitted through the specific channels for this purpose mentioned on the website and/or in the investor communication policy.

Finally, in order to present the financial information to investors, the company reports its profit/(loss) quarterly via webcast (on its website). The company's profit/(loss) presentation is led by the Chief Financial Officer and the Director of Investor Relations, and, on an annual basis, by the Executive Director.

Analysts coverage

The recommendations of the 13 investment companies that follow Prosegur Cash are as follows:



On 31 December 2018, Prosegur Cash's share price closed at EUR 1.93, i.e. 28% lower than in the previous December.

Main shareholders

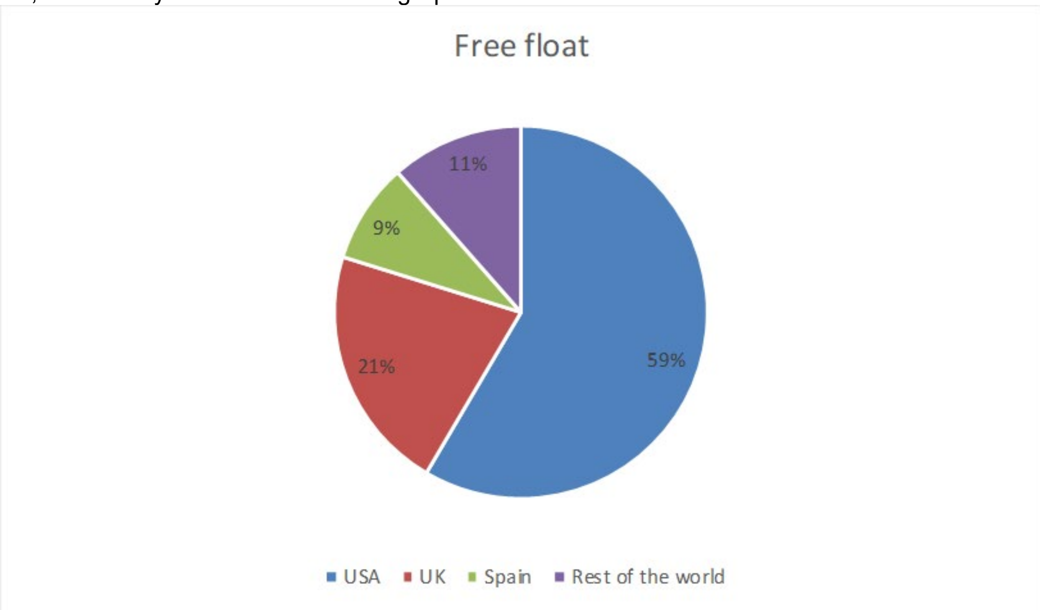
The shareholding structure of Prosegur Cash reflects its solidity and stability.

At 31 December 2018, 72.50% of share capital belongs directly or indirectly to Prosegur, whereas the remaining 27.5% is free float, with notable holdings belonging to FMR (6.645%), Oppenheimer (4.992%) and Fidelity Investment Trust (3.806%).

The composition of the Board of Directors enables the management bodies to define the strategic lines and decisions in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, made up largely of significant shareholders and institutional investors, provides Prosegur Cash with the ideal conditions to develop its project and achieve its objectives.

Geographical distribution of free float

On the international stage and given its growth potential, Prosegur Cash is well accepted among foreign investors. Furthermore, in the last year its free float among Spanish investors has doubled.



Corporate Governance Annual Report

The Corporate Governance Annual Report of Prosegur for financial year 2018 forms part of the Directors' Report and as of the date of publication of the Annual Accounts is available on the web page of the National Securities Market Commission and the Prosegur website.

This report includes section E, analysing control and risk management systems of the Company; and F, providing details on the risk control and management system in relation with the process of issue of financial information (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR 2018

The members of the board of directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the individual annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2018, authorised for issue by the board of directors at the meeting held on 25 February 2019 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and profit/(loss) of Prosegur Cash, S.A., and that the respective individual directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Cash, S.A., together with the main risks and uncertainties facing the group.

Madrid, 25 February 2019

Mr Christian Gut Revoredo Executive President	Mr Pedro Guerrero Guerrero Vice-President
Mr José Antonio Lasanta Luri Executive Director	Ms Chantal Gut Revoredo Director
Mr Antonio Rubio Merino Director	Mr Claudio Aguirre Pemán Director
Ms María Benjumea Cabeza de Vaca Director	Ms Ana Inés Sainz de Vicuña Bemberg Director
Mr Daniel Guillermo Entrecanales Domecq Director	

DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The consolidated Annual Accounts of Prosegur Cash, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The directors are responsible for the completeness and objectivity of the Annual Accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the Annual Accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the Annual Accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2018. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the Annual Accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Javier Hergueta Vázquez
Chief Financial Officer